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Gregory Sandfort, CEO of Tractor Supply, takes home Dealmaker of the Year for accelerating foray into pet care

By Kameron Leach

Led by chief executive officer Gregory Sandfort since 2012, Tractor Supply Co. (Nasdaq: TSCO) currently owns 1,600 stores, making it the largest operator of rural lifestyle stores in the U.S. In 2016, the specialty retailer bought Petsense LLC, allowing it to expand rapidly in the lucrative pet retail market.

“We are excited about the addition of Petsense to the Tractor Supply family, as we develop our pet specialty retail business,” said Sandfort when the deal was announced in September. “The pet industry represents a \$60 billion market driven by favorable pet ownership trends and the continued humanization of pets by their owners.”

Petsense’s proven unit model, strong store-level performance, compelling financial momentum, and track record of door-count growth made it a particularly compelling asset within specialty retail, according to William Blair & Co., which advised Petsense.

Prior to the \$116 million purchase of Petsense, Tractor Supply had just two HomeTown Pet stores, which have since been converted to Petsense stores. At the end of the fourth quarter, there were 143 Petsense stores, which included eight store openings and one store closure during the quarter, according to Tractor Supply’s fiscal 2016 results, released Feb. 1. Tractor Supply



is operating Petsense as a subsidiary, with plans to expand the store base by 15 percent to 20 percent annually.

A heavyweight in the retail world, Sandfort delivered a keynote speech at a February conference hosted by the Retail Industry Leaders Association. He spoke about the importance of creating a supply chain that is responsive and reliable. “Servant leadership is easy to talk to, difficult to execute,” he said, according to the American Journal of Transportation, which covered the event. To be a good servant leader, it is vital to embody 10 characteristics: Listening, empathy, healing, self-awareness, persuasion, conceptualization, foresight, stewardship, growth of people and building community. In an era of emerging digital commerce, Sandfort urged logistics executives to continuously improve their supply chain by being relentlessly dissatisfied. “If I can’t get the product to the customer at any time and any place, I’ve failed.”

Also in February, Sandfort and other retail executives met with President Donald Trump to lobby against the border adjustment tax (BAT) proposed by Republican



leadership in the U.S. House of Representatives. Included in the meeting were leaders of retail giants, including Best Buy Co. Inc. (NYSE: BBY), Gap Inc. (NYSE: GPS), J.C. Penney Co. Inc. (NYSE: JCP), Target Corp. (NYSE: TGT) and Walgreens (Nasdaq: WBA).

Since the meeting, the National Retail Federation launched a satirical advertising campaign against the BAT, with television commercials airing during NBC’s Saturday Night Live and other shows.

Sandfort joined Tractor Supply as chief merchandising officer in 2007 and held several executive positions before ascending to the CEO spot in 2012. Previously, he held leadership positions at Michaels Companies Inc. (Nasdaq: MIK), Kleinfert’s Inc. along with Sears, Roebuck & Co. (Nasdaq: SHLD).

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Kameron Leach joined SourceMedia in 2016 and serves as Reporter of Mergers & Acquisitions and writes the Finance Finesse column about investment banking and lending.