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## **BALDOR'S DISTRIBUTOR RELATIONSHIP CHEAT SHEET**

Use this four step guide to make third party distribution maximally beneficial for your business!

### **Step One: The Soul Search**

Entering into a relationship with a distributor is a big decision and can present a variety of new challenges. It's critical to ask the following questions before getting started:

#### **1) Is your production at capacity?**

When a distributor vets a new vendor, the sales and purchasing team want to know that they can grow the product line. If you're small and at maximum capacity, you might need to consider scaling up first.

#### **2) Are you priced appropriately?**

Often, we see new companies come out of the gate priced way too low. Make sure your margins are high enough that you can accommodate a distributor cut when the time comes.

#### **3) What are your operating costs?**

Outsourcing distribution can have major cash flow advantages once your business gets to the right size. However, if haven't yet felt the pinch of transportation costs, parking tickets and unpaid receivables, you should ensure that your existing sales justify the expense of working with a distributor.

### **Step Two: The Homework**

There are food distributors who specialize in everything from truffles to fryer oil. Beyond defining your identity, you must also determine your business's target size, mission and demographic in order to decide which distributor is right for you.

#### **1) Who is your customer?**

If you're making granola in retail packages, you need a distributor who specializes in the unique dealings of the grocery business. On the other hand, if you're cultivating unusual mushroom varieties and selling them bulk, your business will likely benefit from a purveyor who specializes in food service.

#### **2) Speaking of retail...**

Are you interested in targeting retail customers? If so, make sure your packaging complies with rules and regulations before sending those labels to print! Improper labeling is deal breaker for retail stores regardless of how much they love your granola.

#### **3) Are you comfortable with an exclusive?**

Many distributors in competitive markets will ask to be your exclusive purveyor. These relationships can be beneficial for both parties if executed properly. But, make sure that you examine an exclusive carefully before agreeing—they can also go south fast.

### **Step Three: The Pitch**

You've made it this far. Now, you have to convince your list of prospective distributors to take you on.

#### **1) Do you have an existing customer base?**

If so, now is the time to engage in some strategic self-promotion. Make sure you come to your meeting armed with the following information:

- How big is your customer base? Who are they?
- Do you have any trophy customers? Show off.
- What is your average order size?
- What type of growth have you experienced?

#### **2) Know your stuff!**

Distributors will want to know that your practices comply with their protocols. Impress them by having the following information up front:

- Ingredients, net weight, pack sizes, COO, allergens
- Food Safety
  - Pest Control
  - Water Treatment Results
  - 3rd Party Audits
  - Recall Readiness
  - Insurance

#### **3) Not fully up speed on food safety?**

Independently owned distributors may offer you support and/or have flexible policies. For example— Baldor is fully HAACP compliant and takes food safety very seriously, but we're also happy to help new businesses establish procedures that sync with our own.

### **Step 4: After the Honeymoon**

Beginning a partnership with a distributor is exciting. But, make sure you take advantage of the honeymoon phase to establish a few best practices. These tips will help you manage your relationship for the long haul:

#### **1) Get to know your salesperson**

One of the most amazing things about working with a distributor is the sales force it mobilizes behind your product line. But, this doesn't mean the sales team knows how to represent your business accurately. Make sure to supply them with exhaustive information so that they can sell your line with the same passion that you do.

#### **2) Partnership collaboration**

We think that a healthy partnership should give a vendor the following advantages:

- Pricing and quality feedback
- New market penetration planning
- New product introduction strategy
- Customer engagement strategy (events, digital marketing, social media promotion, etc.)

#### **3) Accept your partnership's limitations**

Let's face it—your distributor will never be able to sell your product as well as you can. This means, in the immortal words of Glengarry Glen Ross—always be closing. At the end of the day, even with the help of a distributor, your products will never gain traction if you're not relentlessly promoting them at every opportunity.

**Interested in hearing more? Contact us @ [info@baldorfood.com](mailto:info@baldorfood.com)**