

## Working With Distributors - Fact Sheet

Selling to distributors is a new way for Wisconsin growers to sell into the institutional market as distributors want to meet their institutional customers' demand for local. Many institutions want Wisconsin local but only buy from distributors because they know the process and it saves them time.

This fact sheet provides background knowledge about distributor expectations to help you to take a next step.

### Who are distributors?

- Broadline distributors: They are full-service and carry produce, meat, dairy, and even non-food products that institutions need.
- Distributors that specialize: They carry a smaller range of products, such as only produce, meat, or dairy.
- Wholesalers: These companies aggregate produce and re-sell to distributors.

### Distributors are all different

They may be a Wisconsin company, or part of a national corporation. Customers might include a combination of institutions, chain restaurants, or independent restaurants. Their reputation for working with local growers could be strong or they may be just beginning to buy local.

### Why sell to a distributor?

- Gain access institutions that only buy from distributors
- Spend less time finding buyers / making sales calls
- Spend less time managing many small accounts
- Save on delivery expenses - you only deliver to one location, or not at all if they pick up
- Save on the cost of liability insurance - distributors sometimes assume this cost for growers
- Opportunity to grow just 1 or 2 crops wholesale, since distributors aggregate your product with others' for their customers

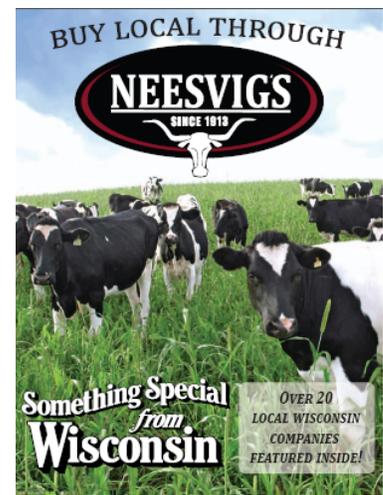
### Their expectations

#### Your product

- They may have a minimum quantity that they will buy
- Usually USDA Grade 1
- Standard packaging
- Some pick-up, some expect you to drop-off

#### Financial

- Net 30
- Accurate invoicing
- No cash
- Advance notifications if you can't fill an order



*Distributors increasingly offer local foods programs to meet customer demand.*

## Price

Distributors sell at wholesale prices, so the price they pay the producers they buy from is less than what those producers could expect by selling directly to institutions, grocery stores, and restaurants. A rule of thumb for produce is that distributors expect a 20 to 30% margin (the percent of the final selling price that is profit). If you sell to a distributor at \$1.00/lb, they need to sell at \$1.43/lb to make a 30% margin. That's  $\$1 / ((100-30)/100) = \$1.43/\text{lb}$ . The price that a producer needs to sell at will be different for each producer and should include that producer's cost of goods. Another factor – local produce is special, and deserves a premium.

## Food Safety

Local farms often have excellent food safety practices, but distributors prefer a written food safety plan. Some require Good Agricultural Practices (GAP), though they may make exceptions for local produce. Be familiar with GAP and at least have a 2-page food safety plan outlining important points.

## Where to find a distributor?

- IFM Meetings
- Distributor Profiles on the IFM website, [www.ifmwi.org](http://www.ifmwi.org)
- Ask your existing institutional customers
- Ask other growers
- Call IFM – (608) 266-6389

## When you contact distributors...

- Research them to learn if they have a local foods program, what kind of customers they serve, and how they work with local growers
- Presentation matters – be confident!
- Know your product and your price
- Know the kind of institution that will ultimately buy your product
- Have a specifications sheet with product description, weight, size and package size
- Have a fact sheet about your farm for institutions to use to promote local to their patrons
- Have a written food safety plan for your farm

## Other issues...

- How much notice will the distributor give you when they want to buy?
- Establish a return policy
- Will there be late or other fees?
- Non-compete agreement?

## Ask yourself - are distributors right for you?

1. Do you have the capacity to meet their minimum quantity?
2. Are you confident about the cost of your goods and the minimum price you will accept?
3. How will selling to a distributor change the way you spend your working day?

**Visit [www.ifmwi.org](http://www.ifmwi.org) for more grower resources!**

**These cooperatives and grower-distributor LLCs specialize in selling and distributing local food:**

**5th Season Cooperative (Viroqua)**  
Contact Nicole Penick at (608) 637-3615

**Green and Green (Mineral Point, Madison)**  
Contact Rink DaVee at (608) 574-3566

**Via Farms (Warrens)**  
Contact Jeff Noble at (608) 343-5020

**Simply Wisconsin, Monona**  
Contact Deb Hansen at (608) 630-7097