

Navigating the wholesale maze

A guide to working with New England distributors



HEALTHIER FOOD » GUIDANCE DOCUMENT

This document is a resource for producers in New England to aid in their development of relationships with New England's distributors. Included is an overview of some of the primary benefits and challenges of working with distributors, common elements of working with distributors, and profiles for six of the distributors in New England that are actively working to increase their local foods portfolio.

Understanding the requirements can feel like navigating a maze. However, development of successful relationships can increase their ability to sell to institutions across New England, boosting their sales and meeting customer demand for regional foods.

There is a growing farm-to-institution movement across New England. Hospitals, colleges and universities, and K-12 schools across the six state region are seeking opportunities to purchase food grown and raised within the region. The region's farms grow an abundance of produce and dairy and fishermen catch a wide variety of seafood. However, distribution is a major barrier to purchasing regionally grown or caught products in significant volume.

Many institutions that are committed to supporting regional food system develop direct relationships farmers and fishermen, which enables them to purchase fresh local product. However, there is a limit to the number of individual vendors an institution can work with.

Each relationship requires use of a separate ordering platform and process, which can be time consuming.

As a result institutions typically look to purchase local products through regional or broadline distributors to streamline the process.

For farmers and fishermen it can be difficult to handle the details and logistics of developing relationships with distribution companies. They have varied requirements on levels of insurance, the need for third party audits, and other conditions.

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Methods

Health Care Without Harm developed a list of distributors for inclusion in this document based on those currently being used by hospitals that are purchasing regionally produced foods. This process generated a list of 11 distribution companies in the region. We reached out to each distribution company least four times before concluding that they were non-responsive. For those who did respond, we conducted key informant interviews with one to three individuals at the business. These interviews were further informed by research on the company's website or supporting documents provided by interviewees.

Why hospitals prefer to work with distributors

- Hospital food service directors and purchasers are consistently short-staffed. By ordering through their main channels, they have one less step to get your product.
- Food service directors prefer fewer to receive shipments on a day-to-day basis.
- Insurance and food safety requirements are handled by distributors.
- It simply makes their jobs more efficient.

Producer benefits from working with distributors

- Contracting for distribution will increase the reach of your product.
- Distributors do sales calls and increase your exposure to potential purchasers.
- Reclaim labor hours and avoid issues with self-distribution such as lines at loading docks.
- High volume sales can reduce costs such as marketing and [delivery](#).

Common challenges to working with distributors

- It can be hard to scale up to the volume necessary to work with wholesale distributors.
- Distributors often have specifications about product consistency and [form](#).
- Distributors mark-up prices, which can make it difficult to be price competitive.
- Loss of control of products – part of the shelf life is spent on the shelves of distributors rather than available to purchaser.

Insights and guidance from distributors

Each distribution company is unique and may have concerns or requirements that differ from others. Despite these differences they were all in agreement on five basic principles for working with local producers.

While the points below offer nuance on how to work with distribution companies, it all boils down to relationships. Develop a strong working relationship with the distributor and the institutional clients and they will work with you to meet your needs.

1. Be persistent. The product category managers are often inundated with calls from producers and it can take multiple call and emails to get them to focus on you. Do not assume a lack of response means they are not interested.
2. Producers should make sure their packaging is consistent and appropriate for distribution. Some distributors provide seminars at food shows that discuss the type of packaging required for larger scale distribution. Take advantage of this information and invest in proper packaging.
3. For a distributor relationship to last, the producer needs to prioritize the wholesale order when evaluating where the harvest will go. Although the wholesale pricing is lower than restaurant or other retail prices, to fully enjoy the reliability and scale of regular wholesale business, it is necessary to be a fully invested partner in the relationship.
4. The best way to get a distributor's attention is for a customer to request the product with a clear commitment to regular purchasing. Though special orders are often available, establishing a regular relationship opens more opportunities from other purchasers.
5. When a relationship has been established with a producer, the distributor will find an appropriate purchase price, prices paid for the same product may vary from farm to farm. They are able to do this because the final price charged to the customer varies based on their contract.

Distributor Profiles

Reinhart/ Black River Produce

- **Initial contact:** The first step is to call 1 (800) 228-5481 to establish contact. As soon as you have an email address, use email in order to create a paper trail.
- **Initiating a purchase:** Customers should email their sales representative to request new products. The sales representative will contact someone in procurement and let them know about the request. It helps for a customer to be really excited about the product – and also to be persistent. Most people in procurement already have a full plate, so if it doesn't seem like an automatic match, they won't necessarily pursue it right away.
- **Insurance:** This depends on the type of product. There is a questionnaire through Reinhart that collects more rounded information about the product and practices. Depending on the level of risk associated with the product, the insurance requirements vary. Produce tends to be around \$3-5 million.
- **Food safety requirements:** All producers need a food safety plan to work with Black River Produce, but it can vary depending on the product. All produce needs to be compliant with the Food Safety Modernization Act (FSMA). They accept Good Agricultural Practices (GAP) and UVM Extension Certifications such as Better Process Control School (for acidified foods), Preventive Control for Human Food, and the Foreign Supplier Verification Program, certificate from the Food Safety Preventive Control Alliance, etc.
- **Volume requirements:** They look for customer commitments around volume, but do not require contracts. They will buy one case of something from somebody or tractor trailer loads. Black River Produce is interested in a story they can tell the customer. Space is a limiting factor, so if a product doesn't sell they are not able to continue to stock it in their warehouse. Labeling: Product from within the region is labeled native. Customers receive information explaining the geographic range for native products. Additionally if an order contains product from more than one farm the customer will receive a list of all the farms from which their product was sourced.
- **Distribution:** Current distribution is all of Vermont, some in the Albany market, Western New Hampshire, and Massachusetts. Distribution stop around Winnepesaukee and Concord, in the Western Mass Corridor.
- **Promotion of local:** See above regarding labeling. Black river also does sales calls to the customers and loves to provide the producer stories to customers.
- **Changes:** Their requirements don't change much year-to-year, but they do send a new questionnaire to the producers to make sure they know about any changes that have happened with their production.
- **Extending distribution:** There is a \$500 minimum per delivery for a customer that is not on the current route. Black River Produce is willing to incrementally extend their distribution.

Food Connects

- **Initial Contact:** Fill out the [form](#) on the website. Additionally, follow up by emailing foodhub@foodconnects.org.
- **Initiating a purchase:** The customer must request the product. The buyer should either email the address above or a Food Connects' sales representative with information about the product they would like to purchase
- **Insurance:** \$1 million plus.
- **Food safety requirements:** None at this time.
- **Volume requirements:** This is evaluated on a case by case basis.
- **Labeling:** Everything is source identified on the ordering guide.
- **Promotion of local:** They do sales visits either together with the producers or on their own. They will also push marketing materials provided to us by the producer to the customers.
- **Changes:** Requirements are not changed often.
- **Current distribution:** Their current distribution routes are in Southeast Vermont and Southwest New Hampshire. They are extending into the Upper Valley, and then south into the Pioneer Valley.
- **Extending distribution:** They are actively exploring opportunities to expand their distribution range and will evaluate opportunities to work with producers and institutions on a case by case basis.

Costa (Fresh Ideas)

- **Initial contact:** Costa gets bombarded with calls, so opportunities to meet a representative in person help your business stand out. They are at many trade shows and do meet-and-greets with the Massachusetts Department of Agricultural Resources. These events are the best opportunity to develop a relationship with Costa. Initiating a purchase: Customers should make a request for the product through their account manager.
- **Insurance:** \$2 million is the starting point.
- **Food safety requirements:** They utilize the Safe Quality Food process which requires a third-party audit, such as GAP Certification, Commonwealth Quality Program, etc.
- **Volume requirements:** This is evaluated on a case by case basis. There has to be some economy of scale to make it work, so it depends on the item and the farm.
- **Labeling:** Many local products from New England are marked with an “L” in their item code. They will also be printed in a *local* section on invoices. When the local product arrives to the customer, the product is labeled with the point of origin/name of farm. This is either printed on the box and/or labeled by the farm.
- **Promotion of local:** Many account managers provide a weekly list of local options to their clients. They also do a tremendous amount of email marketing, send of printed materials, and utilize social media to promote local.
- **Changes:** They do not expect frequent changes to their requirements.
- **Current distribution:** All of New England – as far north as Burlington and Bangor, and as far South as Stratford, Conn. east of 91. And then all of Massachusetts, Rhode Island, Southern New Hampshire. Also there is one account in upstate New York, but it’s a one-off (due to local business).
- **Extending distribution:** Unlikely to change extend their distribution route delivery for a customer that is not on the current route. Black River Produce is willing to incrementally extend their distribution.

Performance Food Group (Northcenter)

- **Initial contact:** Call (877) 564-8081 and ask for a category manager.
- **Initiating a purchase:** The customer should request the product from their sales representative.

Insurance: It can range from \$8 to \$12 million, depending on the risks associated with the product.

- **Food safety requirements:** Hazard Analysis and Critical Control Points (HACCP) Plan has to be followed based on the receiving dock. So if the product is frozen - they will kick the order at the door if it doesn’t meet temp standard. GAP Certification is also required.
- **Volume requirements:** Five case a week minimum for an item to be stocked
- **Labeling:** There is nothing in the order guide that indicates local.
- **Promotion of local:** They have a map of New England that displays all of the local producers they purchase from. They also provide weekly flyers of local produce during the growing season.
- **Changes:** Unlikely to change in the near future.
- **Current distribution:** All of Maine, New Hampshire to Keene. Their sister company in Springfield does anything on the western side of Keene. They then have a 495 route and cover everything north of that. They also serve Nashua along the route to Keene.
- **Extending distribution:** Unlikely to expand their distribution route.

US Foods

- **Initial Contact:** Call their main line, 800-528-4528, and request the contact information for the category manager (produce, meat, dairy, etc.). Email the category manager with the following details:
 - Items and packing details,
 - your level of insurance, and
 - your food safety certification.
- **Initiating a purchase:** The customer must contact their sales representative to request the item. The sales person will work with the territory manager and category manager to find the product.
- **Insurance:** \$3 million insurance policy is needed for produce. Each category has its own requirements.
- **Food safety requirements:** They don’t have specific food safety requirements but ask individual producers about their systems to ensure that they are following best practices.
- **Volume requirements:** If a producer delivers to the warehouse they will accept anything more than five cases. For pick up, they need at least 50 cases.

- **Labeling:** Local products (grown or processed within 150 miles of the distribution warehouse) are labeled in the ordering system. When the product is delivered, the case shows the lot number, farm, pack size, and purchase code.
- **Promotion of local:** The product manager sends out a weekly email with a recipe and code number for all of the local products. She also talks about the farms in these emails. She educates the sales team about the products and the farms.
- **Changes:** None expected.
- **Extending distribution:** Unlikely to extend their distribution route.

Conclusions

Distributors can be essential partners for expanding a small food business. Before connecting with a distributor it is essential that a producer understands a few things:

- Drop dead negotiation price (what do you need to keep your business running).
- Packaging requirements for most purchasers of your products.
- Amount of product you can commit to selling.

Depending on the scale of the producer, some regional distributors might be more equipped to represent the product than others. Finding a good distributor “fit” will ensure that the relationship is more likely to succeed and help to grow your business.

Those interested in working with the larger broadline distributors can expect to encounter a bit less personal attention but potential for the rewards of a wide distribution network. These producers should be ready to have a consistent and significant wholesale market, and should have the technical abilities to navigate and respond to online operations and communications.

The smaller distributors in New England are innovating, collaborating, and supporting small producers in ways that might make them a good fit for your business. For smaller producers who can’t fulfill the requirements of a large scale distributor, this is often the most appropriate first step.

These distributors are often creating new ways for purchasers to understand where their food comes from and why they should purchase high quality local and regional products.

Many producers worry that the pricing of the wholesale markets will be too low to support a business. In calculating a negotiation price, business owners should understand the value added from each individual distributor. Some do enough sales and marketing calls that this represents savings to the producer.

By outsourcing some of the logistics management, producers can decrease their labor and time needed on-site selling product direct-to-consumer. On-boarding with a distributor can help you access the initial requesting customer, and it can also create new opportunities throughout the region.

Appendix

Interview questions

- What is the best way to initiate contact about how to get on a truck?
- Can you please share the best contact information to use?
- How can interested purchasers request specific producers products?
- What is the level of insurance that producers need in order to work with your company?
- Are there specific food safety requirements for all of your producers?
- Are there specific volume requirements that a producer or purchaser needs to meet before you’ll carry a product?
- How do you charge for your services?
- How do you label each producer’s products for the end user?
- How do you promote locally sourced food items to your clients?
- How often do your requirements and distribution routes change?
- What is your current distribution range?
- How can institutional purchasers get you to extend the distribution?