

FAQ SHEET
Introduction to Commercial Sales

Prepared by Rose Wilson
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Following are answers to questions that often come up as folks think about selling in a business-to-business environment.

Do I need liability insurance? What type, and how much?

Yes. Most buyers will require you to have general liability insurance. While in the past, many stores only required you have \$1 million in coverage, many are now stipulating you have \$2 million. I would recommend having a plan with \$2 million in coverage so you already meet any buyer's requirements.

Following are contacts for a couple of insurers in Vermont who specialize in farm related insurance including general liability for value added products and commercial sales.

Jim Keane
Nationwide Insurance
860-808-8106
keanej@nationwide.com

Jon Jamieson CIC
Jamieson Insurance
802-496-2080 xt30
jon@jamiesonins.com

What is a SKU, what is a UPC, and do I need both? How do I get them?

A SKU, Stock Keeping Unit, is a unique identifier for each distinct product and service that can be purchased. A UPC, Universal Product Code, is a barcode symbology that has evolved into the generally agreed upon standard for SKU's in the North American marketplace.

GS1, formerly the Uniform Code Council, is the official provider of Universal Product Codes (UPC). You can have UPCs made up for any variant of products you sell to help track product and inventory. For example you can have a UPC for the pallet of crates of apples, for an apple crate, and for the individual apple.

To obtain a UPC code you need to become a member of GS1. Once a member you can use their “data driver” tool or have a representative assist you in creating and obtaining your UPC codes. They offer extensive technical assistance to help you along.

The cost to become a member is \$760.

To get started visit their website <http://www.gs1us.org/Home/tabid/36/Default.aspx> or call 1-937-435-3870.

Once on their website home page click on “need a UPC bar code?” this will bring you to the Barcodes and eCom page. Here you can click on “learn more” to see all the different tools they have to support you and your UPC bar code needs, or you can click on “apply now” and get started.

What Do I Need to Know About Labeling?

Labeling requirements differ based on the product you are selling.

Meat and Poultry labeling falls under USDA. You can find FAQ sheets for these products at http://www.fsis.usda.gov/Fact_Sheets/Food_Labeling_Fact_Sheets/

Value added food products labeling generally falls under FDA, the Food & Drug Administration. The FDA overview states:

Food labeling is required for most prepared foods, such as breads, cereals, canned and frozen foods, snacks, desserts, drinks, etc. Nutrition labeling for raw produce (fruits and vegetables) and fish is voluntary. We refer to these products as "conventional" foods. For detailed information on dietary supplements, a special category of products that comes under the general umbrella of foods, but which has separate labeling requirements, see "[dietary supplements](http://www.fda.gov/Food/DietarySupplements)" at www.fda.gov/Food/DietarySupplements

*Terms such as "functional foods" or "nutraceuticals" are widely used in the marketplace. Such foods are regulated by FDA under the authority of the Federal Food Drug and Cosmetic Act, even though they are not specifically defined by law.

The FDA does have a Small Business Nutrition Labeling Exemption. The Federal Food, Drug, and Cosmetic Act requires packaged foods and dietary supplements to bear nutrition labeling unless they qualify for an exemption. One exemption, for low-volume products, applies if the person claiming the exemption employs fewer than an average of 100 full-time equivalent employees and fewer than 100,000 units of that product are sold in the United States in a 12-month period. To qualify for this exemption the person must file a notice annually with FDA. Note that low volume products that bear nutrition claims do not qualify for an exemption of this type.

Another type of exemption applies to retailers with annual gross sales of not more than \$500,000, or with annual gross sales of foods or dietary supplements to consumers of not more than \$50,000. For these exemptions, a notice does not need to be filed with the Food and Drug Administration (FDA).

The FDA food labeling guidelines can be found at <http://www.fda.gov/Food/GuidanceComplianceRegulatoryInformation/GuidanceDocuments/FoodLabelingNutrition/FoodLabelingGuide/default.htm>

Dairy products labeling must comply with the Pasteurized Milk Ordinance 2007, section 4, which can be found at

<http://www.fda.gov/Food/FoodSafety/Product-SpecificInformation/MilkSafety/NationalConferenceonInterstateMilkShipmentsNCIMSModelDocuments/PasteurizedMilkOrdinance2007/ucm063876.htm>

If you need assistance understanding labeling requirements:

For value added food products, locally, contact Brian Norder at the Vermont Food Venture Center at (802) 849-2000 or e-mail him at brian@edcnv.org. Or you can call the FDA at 1-888-463-6332.

For dairy products contact Dan Scruton at the Vermont Agency of Agriculture, Food and Markets (802) 828-2433

For meat and poultry contact Randy Quenneville the Vermont Agency of Agriculture, Food and Markets (802) 828-2426

For state information on other food products contact Ray Cioffi at: (802) 828-2436

What is GAP certification? What do I need to do?

Good Agricultural Practices, GAP, certification is becoming more and more of a requirement by commercial buyers. In its most basic essence, the buyers need to be able to know the products they source and sell are being produced in a manner that is sanitary and sound. The easiest way to ensure this is to develop a set of standards and create a system whereby you can verify folks are following the standards and adhering to the rules. So, GAP is a set of standards and GAP certification is an annual on-farm audit that the farms are responsible for undertaking to demonstrate they are adhering to safe and sanitary production practices auditing. GAP standards are a good idea for everyone.

To determine if you need GAP certification, look at the types of businesses you want to sell to and see if either the buyer you're targeting has a certification requirement or if their competitors do (because that's a good sign your target buyer will have one soon).

To learn more about the GAP standards, understand how to prepare for GAP certification, and to schedule a GAP certification audit, contact:

Steve Parise
Vermont Agency of Agriculture, Food & Markets
steve.parise@state.vt.us
(802) 828-2436

What do I do after the introduction sales meeting?

Follow up

Follow up is crucial. Never assume the other party is responsible for follow up. Always undertake to follow up yourself, directly. If the other party follows up first, that's a bonus, but don't take it for granted.

What do you say/do for follow up? Call! Ask them if they have had time to think over what you have discussed, or complete any action items they may have said they needed to do, or call with an update on any action items you said you would do. Ask about what the next steps are, be direct, what do you need to do to make this happen?

Follow up some more!

You might feel like you are being ignored, you must be persistent. Not pushy, but persistent. For example, if you're not getting a call back, continue calling, try once every two or three weeks, be polite, remind them of why you are calling, what you had discussed and that you'd like to move forward with next steps. Try e-mailing, too. Again, be polite, stagger them so it's a phone call, then the next week an e-mail, then a phone call the week or two after, and then repeat. Be direct, after the first couple unanswered calls let them know two things 1) why you are calling, and 2) why you are being persistent! It's critical to the relationship that you get what you need but that you don't turn them off. In the v-mail or e-mail tell them you're not trying to be a pain, just be upfront and say "hi XXX, not trying to be a pain, just excited about the prospect of working together and want to know the next steps so that I can get right on it for you. Please let me know if there is a good time/date for me to call, if you prefer e-mail or if I should just keep pinging you. Thank you so much and looking forward to getting XXX into your stores!"

How do I maintain a relationship with both customers – the store & the end consumer?

Once you've made the sale and the products are in the store, that's only the very beginning, now it's about turning the store into a happy, long term customer and helping

them maximize sales to their customers which will help you grow your bottom line. What can you do to help them sell?

Here is a sampling of the various tools at your disposal:

Go into the store(s)

- i. Check on stock, rotate stock for the store
- ii. “Merchandise” your products- bring the store point of sales tools to help sell the products
- iii. Train the staff on what makes your product special and unique- take the time to get to know the on-the-floor managers, explain who you are and why you are there- to help them sell the product so you wanted to make sure to stop in and let them know why/what makes your product special and unique- you’ll be amazed how many random store clerks get asked which brand of something to buy. If you’ve at least taken the effort to shake their hand and explain what brand you represent, they are more likely to say your brand off the top of their head than the competition’s...
- iv. Offer to do demos, schedule and follow up on your offer!

Work with your distributor to secure placements and maximize sales. Envision your relationship with your distributor as a “tag-team” approach. Realize your distributor represents several thousand brands, it’s unrealistic to expect they will think of your brand first every time. While that can be depressing, it also provides an opportunity for you to understand what your distributor’s strengths are and pitch in to overcome their weaknesses. While they are great at getting the product in to the stores, and can be good at securing new placements and new accounts, you can directly involve yourself in securing more new accounts. As long as they are aware that you are helping them, this can be viewed as a win-win because the more accounts you are in the more sales they will make, and the more you will benefit your bottom line... so:

- i. Develop a list of store prospects you want to be in.
- ii. Share this list with your distributor. Ask if they can help you by focusing their efforts on these same stores. Ask also if they have any suggestions for approaching the stores and let them know you will be contacting the stores and referring them to the distributor for the actual sale of the product.
- iii. Offer the distributor that you’d like to do a “**ride with**” with your distributor’s sales reps. Ride withs provide an opportunity for you to spend a day with a sales rep on their sales route. Use the ride to create a personal relationship with each rep, over the course of the day give them all the details and information contained in your introduction meeting prep sheet, as if you were meeting with the manager. This will help build “mindshare” and a personal connection to you and your brand so that when they do have an account looking for something new, each individual sales rep will be more likely to recommend the account try your product. From the ride withs the sales reps can also personally introduce you to each of the accounts on their route that day, giving you an opportunity to secure new accounts and placements while you are together and enabling you to create a personal connection directly with the account. Always follow up with

ride-withs, thank the sales rep for taking the time they spent with you. And then stay in communication with them, if you secured a new account on their route, let them know.

- iv. Provide the same “store sales support” to your accounts you have through your distributor. Again remembering that your distributor may have your sales collateral, but they are very busy and have many brands to represent and putting up your sign over some one else’s may not be the first thing that comes to mind, so again, take a team-oriented proactive approach to the relationship. Check in on the stores, rotate the stock if you see it out of code, refill a display that is empty, meet the store manager or employee on duty and say hi, offer to place your new poster or sign, etc. For you, your sales are number one, and everything you do to boost your sales will be a win-win for your store accounts and your distributor, and the more you help them, the more you create a positive sentiment back to you and your brand, which results in stronger mind share which will translate into more sales, more volume, and more new accounts as the stores and the distributor push your products over the competition’s...

If you envision your distributor and the retailers as an extension of yourself, act as a team instead of independent entities, and focus on how you can help them, you will all win.

Check in every so often and ask the stores (and the distributor) if they are happy with the relationship and the sales of the product? Is there anything they feel could use improvement? Are any areas of improvement within your ability to control? If so, see what you can do to keep them a happy customer and improve their satisfaction with your service and your products. If everything is great then keep up the good work!

It’s all about the relationship. Take home message: People will do business with people they like and with people who offer them good value and good service. People will recommend, promote and sell products from people they like and people they can count on. If you can consistently offer both good value and good service, and if you can *listen* to your customer to understand what good value and good service means to them, then you will be a person they like and a person they can count on, which means you will be great!