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ONE SIZE? A single distributor may not be able to service growing concepts.

A SUPPLIER SHOPPING LIST

Ask a lot of questions when looking for vendors that can grow with you.

Growing in today's competitive marketplace can be challenging at best. Even well-thought-out, well-funded concepts can experience some difficulty making the transition from the first or second location to additional stores. Whether you are considering growth from a strictly ownership position or through franchising, it may be beneficial to consider whether the supply programs you have in place can support your growth.

These programs are similar to the "skeleton" of the restaurant concept body. Existing supply programs, great local sales representatives and the same buying habits may have served you very well with one or two locations in the same geographic area. However, navigating the perils of growth during or after it occurs can result in continual crisis management and create negative feelings toward the supplier. Setting up programs that can travel well outside of your region usually requires advance attention—to make sure that you are able to receive the quality and service you need when you need them, that pricing remains competitive, that appropriate checks and balances are in place and that your brand can retain its integrity no matter where it is located. Focusing on a few select areas can help ensure that the supply program skeleton can adequately support that growth.

What kind of relationship do you want?

The first step in this process is to define the type of concept you have. Are you comfortable in a primary supplier type of relationship, where you essentially partner with a broadline distributor for a large part of your food and disposable purchases? Can you effectively utilize that supplier for all of your goods, or is there a need for higher-end specialty cuts of meat, produce and/or seafood products that can only be purchased through specialty suppliers? Depending on your needs, setting up or streamlining primary supplier relationships with the appropriate checks and balances in place can help set the foundation.

Once you have identified a supply partner, it is essential that the right person be in place from the distributor to oversee the growth. There may be an absolutely great service representative who has been servicing the concept since day one and consistently exceeds expectations. There is no reason to change that person for the local restaurant(s). But keep in mind that this representative may not have the experience, authority

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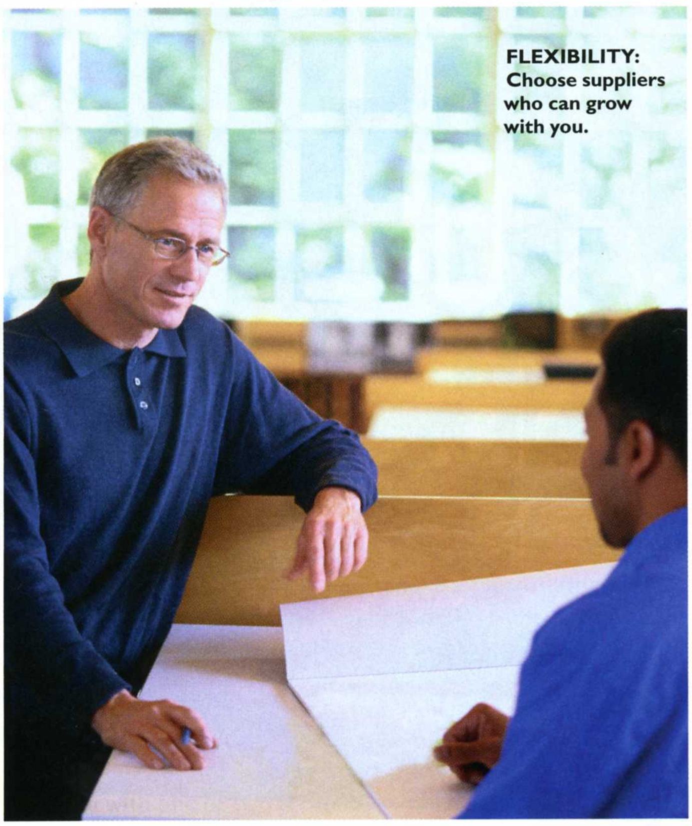
or tools in place to oversee the needs of a growing or national concept. It may be wise to schedule a meeting with someone who is higher up in the food chain from that distribution company. Here are some of the characteristics for who might be best suited to represent your concept:

• A director of national accounts (not street sales) usually will have the understanding and experience to guide your company through this process properly. Request an introductory meeting to gauge whether this person can best represent your interests.

• It would also be very beneficial to the process if that person has the authority to work closely with his or her counterparts in other regions to ensure that quality and service issues can be quickly addressed from a national account basis.

• One key contact in the distribution network can help alleviate many of the headaches that occur in the normal course of business, and can be the point person for expansion.



FLEXIBILITY: Choose suppliers who can grow with you.

How can suppliers help you grow?

Once you have the correct person in place, work closely with him or her to develop a strategic plan showing how the supplier will facilitate your growth. Addressing key issues and realities upfront can lend itself to a smoother transition for openings and continual service of the new locations. Some areas of concentration that can help guide you through the process are as follows:

• **Cost-plus program.** An operator who purchases at least 80 percent of the included categories from one provider will want to be able to agree to the margins that supplier is charging and make sure that those margins translate to all other areas of the country where growth may occur.

• **Definition of cost.** Understand clearly how your cost is defined in the program.

• **Audit privileges.** Can the program be audited to ensure compliance at each distribution center?

• **Proprietary items.** These are an agreed-upon number of food and nonfood products not already in stock that the concept will be requesting the supplier provide in other regions. Will you need a supplier that can bring in many proprietary items to support one new opening in a new region? Will that location have the volume to reasonably request that supplier to stock that product, or will it be categorized as a "special order item" that requires the location to watch inventories and lead times closely? Are you comfortable assigning approved alternatives on some of the slower-moving products with that new region's primary supplier to maintain supply continuity?

• **Opening order package.** It may be extremely beneficial to work in conjunction with the primary supplier to create an approved opening order package for the new locations. The package consists of the lists that your primary supply partner will send to their other distribution houses well in advance to make sure that order guides are set up and product specifications and appropriate inventory levels are in stock prior to openings. The package can include (but not be limited to):

• **Product specifications**, by category.

• **Monthly product volume** (from your existing locations).

• **Proprietary items**, or hard specifications that cannot be changed.

• **Soft specifications**, or food and nonfood products that can be reviewed for alternative stocked products (especially on slower-moving items).

• Special order product list of hard specifications, along with lead times.

• **Manufacturer deals or allowances** that you and the supplier have put together to help decrease your delivered costs.

Lastly, use this opportunity as a way to "sell" your growth potential to your supply partners. Many primary and specialty distributors may really want the opportunity to partner with a good concept and get in on the ground floor of your potential growth. Discuss the annual and five-year growth projections with them as a way to gain interest and potentially reduce margins.

These basic guidelines can be utilized when setting up accounts in many areas: contracting of warewashing and housekeeping chemicals, pest control/elimination programs, soft drinks and hood cleaning programs are only a few of the areas that can successfully be set up this way to help achieve your growth. <RH

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