

Distributors Can Help Operators Control Costs

Lowest Price Is Not Best Solution; Product Education Reaps Better Results

Restaurants continually struggle to offset operating expenses. Negotiating lower prices from distributors is often the first method of attack, but not always the best solution, nor the only option.

"Distributors are knowledgeable consultants, capable of offering cost-cutting suggestions in many areas," says David Ingersoll, the director of sales development for the food service business of Network Services Co., Mount Prospect, IL, a \$12 billion organization of independent distributors. "Part of a distributor's role is to educate customers on a wide range of new and existing products, but also to offer certain levels of operational advice."

Ingersoll says the first step is to review the products and equipment currently being used, then work with distributors to determine if other items are available that are less expensive, save storage space, or reduce handling and cleaning.

Jim Vahrenwald, food service sales manager for Service Paper Company, a distributor and Network member based in Renton, WA, says improved paper, plastic, and packaging materials are frequently introduced that simplify procedures. "New containers allow food to be cooked in the microwave or the oven, and have enough eye-appeal for the food to stay in the container when served to customers," he says. "There are take-home packages that are reheatable and dishwasher safe. Customers can reuse them, a bonus they appreciate."

Raw material prices frequently fluctuate, and Vahrenwald said Service Paper and other distributors inform restaurant operators of anticipated price changes as well as upcoming product innovations so they know what to buy and when.

OUTSOURCING EMPLOYEE PROGRAMS Product costs are typically exceeded by labor costs, such as employee health benefits and training programs. However, there are economical ways to outsource them.

Clark National, Inc., the 16th largest broadliner in the country, according to the 2007 ID Top 50, serving the Midwest, has developed a comprehensive program that helps its customers manage their businesses more efficiently and cost-effectively. For example, it offers discounted credit card processing, wait-staff training, food safety certification, menu planning, and a number of other programs that enhance labor, profitability, and sales.

"We entered into a partnership with a provider of limited benefit medical plans for hourly workers at no cost to the employer," says Don Hindman, president and ceo of Clark. "The monthly premiums are low enough for hourly employees to pay the full amount."

Clark also provides videos, CDs and workbooks to train employees on proper methods of cleaning and sanitation.

ELECTRONIC ORDER PROCESSING Network's Ingersoll believes foodservice operators can free up time to take advantage of their distributors' consultative services if they develop systems for placing orders electronically. "Automation provides many efficiencies," he pointed out. "Routine orders can be submitted any time and any day of the week. Time spent placing orders by phone or in person can be used far more productively. Automation also minimizes human error, creates status reports, and records ordering history."

Eastern Bag and Paper Group in Milford, CT, provides its customers with five options for electronic ordering, all of which include automatic order confirmation. Customers can fax an order form that is read by an optical character recognition system, use EDI, Excel spreadsheets, software that Eastern provides, or place orders through its Website.

HELP IN OTHER AREAS Distributors can offer practical advice on many other areas, including ways to establish proper inventory levels, lease or borrow equipment on a trial basis, and get discounts through payment options. Distributors often promote their special services during sales calls, at trade shows, and through their literature and Websites.

"It's a distributor's job to sell, but also to retain customers by meeting their needs," says Ingersoll. "Solutions offered might actually reduce sales, but increase customer satisfaction and loyalty."

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