

Developing A Wholesale Food Business Plan

The field of wholesale food distribution is a true buying and selling game—one that requires good negotiation skills, a nose for sniffing out the next “hot” item in your particular category, and keen salesmanship.

*Jeff Dick, VP,
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Building a wholesale food company is possible, and with a good deal of planning and preparation, you can set your wholesale food business up for success.

Define your market

Because every company relies on a pool of customers to sell its products and/or services to, the most logical step in the startup process involves defining exactly who will be included in that pool. Pick a niche, or specialization, for your wholesale food company.

Profiling the target market for your food products will help you figure out exactly who is most likely to buy your products and which retailers are best to work with. Defining this group early on will allow you to develop business strategies, define your mission, and tailor your operations to meet the needs of your customer base.

As a wholesale distributor, your choice of customers includes:

- **Retail businesses:** Establishments like grocery stores, independent retail stores, large department stores, and power retailers like Wal-Mart and Target.
- **Retail distributors:** Distributors who sell to those retailers that you may find more difficult to contact on your own.
- **Exporters:** Companies that collect United States-manufactured goods and ship them overseas.
- **The federal government:** Selling to the government presents a great opportunity. After you become an official government supplier, the various buying agencies will either fax or e-mail you requests for bids for materials needed by schools, various agencies, shipyards, and other facilities.

Obtain the proper facilities, equipment, and licenses

No matter what type of products you plan to carry, you’ll need some type of warehouse or storage space in which to store them. Wholesale food distribution companies are frequently started in areas where land is not too expensive and where buying or renting warehouse space is affordable. A warehouse of sufficient size (based on the size of products you’re selling and the amount of inventory you’ll be stocking) is a necessity.

Regardless of where you decide to set up shop, some basic operating costs apply across the board. For starters, necessities like office space, a telephone, and personal computer will make up the core of your business.

The basic equipment needed for your wholesale food distributorship will likely include a forklift, pallets for stocking, and pallet racking to store the pallets and keep them in order for inventory purposes. You will also want to purchase an inventory control software package to keep track of your products. This will help you in giving proper quotes and delivery schedules to your customers – thus helping you to earn more money by rotating your products in an efficient manner. Some wholesale food distributors have even begun to launch ecommerce platforms in order to increase efficiency and create a better customer experience.

You will also need to obtain the proper licenses and permits necessary to operate a wholesale food business in your area, such as a food enterprise license, food handler permit, fictitious name certificate or food manager certification.

Build your client base

A wholesale food distributor's initial steps when venturing into the entrepreneurial landscape include defining a customer base and locating reliable sources of product.

Start out by contacting local retailers with customers in your target market and ask to set up a meeting to introduce your company. Initially, independent businesses will be more likely to work with you than big-box stores and chains. Once you have several local wholesale accounts, you can then think of working with regional or national retailers.

Wholesale food distributors are known for the customer intimacy between their customers and sales representatives. This allows them to be trusted advisors in menu consultations and new product introductions.

Market your products

You will be building a reputation from scratch, which means lots of sales and marketing for at least the first two years or until your client base is large enough to reach critical mass.

Promote your brand to the public—the more well-known your food products are, the more likely retailers will be to work with you. Though you may only sell on a wholesale basis, consumers still need to be aware of your company. Set up social networking accounts, launch an interactive website, and attend food product conventions as a vendor. You could also try sponsoring events within your community, where you can hand out samples and a list of stores where your food products can be purchased.

Financing your wholesale food business

Wholesale food distribution is naturally increasing. Local and artisan food products are becoming more popular and commonplace, making it easier for small food businesses to break into the industry.

Whether it's a real estate loan or a line of credit, we partner with

wholesale food distributors across Texas to help them finance the future of their business. Give our wholesale lending team a call at 866.303.0557 today to learn how we can help you grow your business.