

# Notes for "Start Up" Food Companies

## Hints which may help you



1. Many people believe that they can employ a salesman to sell their products. Good salesmen are in short supply, cost a lot of money and they usually want a company car.
2. Wholesalers and distributors will not usually sell your products for you. The better ones stock over 5,000 different products and they won't give you special treatment.
3. If the big supermarkets are interested in selling your product they will wish to inspect your premises, ensure that you and all your staff have had food hygiene training, that you comply with all the various bits of food legislation and that you have your product tested regularly.
4. If you wish to sell through the Cash & Carry's you will expect to pay them between £3,000 and £5,000 just to get your product on their shelves. They do not try and sell your product for you.
5. There are organisations that will deliver your products but you have to do the selling. They will expect about 26% of the price that you will be selling your product to a retailer.
6. You will have to do the selling and there is no easy way of doing this. You have to go to your target markets and present your products. We call it "Tramping the Streets (TTS)". If you are not prepared to do this it is very, very unlikely that your new business will succeed.
7. When pricing your product the basic rule of thumb is "take the raw material price together with the cost of the product packaging, the outer packaging and the label (if being used) and multiply this by three". This is the likely price that you will need to sell the product for. If you are selling to a retailer they will increase this price by at least another third. For more detailed information please look at the Guidance Note on Pricing Food Products.
8. You may find it valuable to come to some of our monthly meetings and network with other 'foodies'.

May we wish you every success with your new venture.

Douglas Brown, Technical Adviser to *The Food Club*

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This article is for general guidance only. Legal advice should be taken on any particular problem.