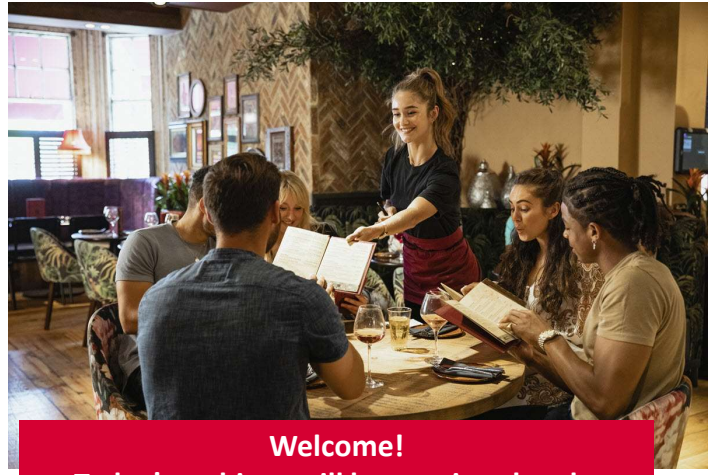


Prime Vendor Webinar

Can Consolidating Purchases REALLY Lower Costs for Independents?



Welcome!
Today's webinar will be starting shortly.

1

What do all large chain operators have in common?

2

Prime Vendor Economics

	Distributor A Competitive <u>Bid</u>	Small independent with \$600,000 annual food sales
Sales	\$ 50,000	Buying from 3 Broadline Distributors & Some Speciality Suppliers
Product Costs	40,000	
Gross Margin	<u>\$ 10,000 20%</u>	

3

Prime Vendor Economics

	Distributor A Competitive <u>Bid</u>	<u>Prime Vendor</u>
Sales	\$ 50,000	\$ 200,000
Product Costs	40,000	170,000
Gross Margin	<u>\$ 10,000 20%</u>	<u>\$ 30,000 15%</u>

4

Prime Vendor Rationale



Consolidating purchases can enhance supplier profit by increasing sales & lowering costs . . .

. . . in return for **LOWER PRICES!!**

5

Are you presently in a “Prime Vendor” relationship OR purchase more than 50% of your food, beverage & paper products from one supplier?

Key Findings of the 2019 Restaurant Purchasing Survey

Insights from over 550 Independent Restaurant Owners and Operators

“Prime Vendor”

Do you have a “prime vendor” relationship OR distributor from whom you purchase more than 50% of your food, beverage and paper products?

78% Yes

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Key Findings of the 2019 Restaurant Purchasing Survey

Insights from over 550 Independent Restaurant Owners and Operators

How beneficial has your “prime vendor” relationship been?

1. Better service & responsiveness
2. Simplicity of fewer vendors
3. Better relationship w/ sales rep
4. Genuinely supports my success
5. Less time comparing bids & pricing
6. Better pricing
7. Additional “value added” services
8. Access to better technology, apps & data

7

Potential Supplier Services



- Menu & recipe development
- Recipe costing software & services
- Menu design & printing
- Server training
- Serve safe training
- Business practice reviews

8

Getting the Best Deal



As an operator, can you offer -

- Fewer deliveries
- Night drops
- Faster payment terms
- Online ordering
- Utilize stocked/branded products

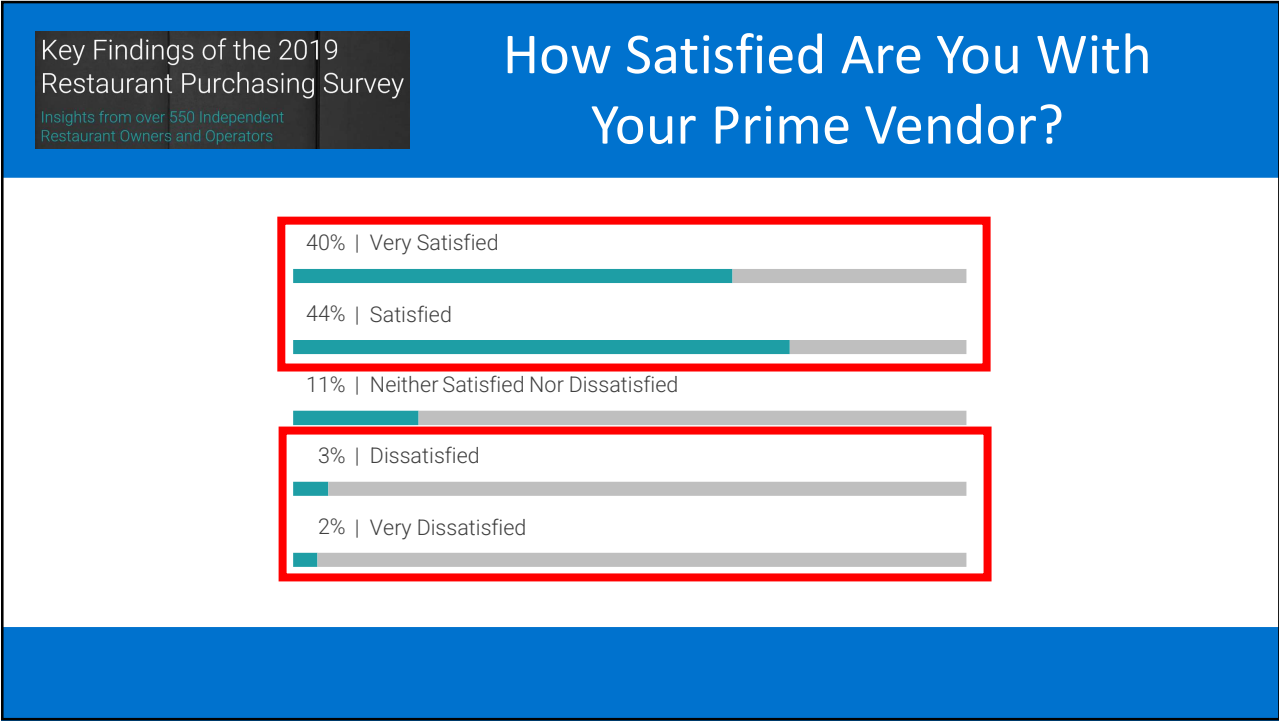
9

Key Findings of the 2019 Restaurant Purchasing Survey
Insights from over 550 Independent Restaurant Owners and Operators

Why We Don't Have a Prime Vendor?

49% Prefer to Work With Multiple Distributors and/or Suppliers	<div style="background-color: #00A68A; height: 15px; width: 49%;"></div>
18% Too Small	<div style="background-color: #00A68A; height: 15px; width: 18%;"></div>
12% Never Been Asked	<div style="background-color: #00A68A; height: 15px; width: 12%;"></div>
11% Tried But Didn't Work Well	<div style="background-color: #00A68A; height: 15px; width: 11%;"></div>
9% Didn't Know About "Prime Vendor" Programs	<div style="background-color: #00A68A; height: 15px; width: 9%;"></div>
1% Don't Know How	<div style="background-color: #00A68A; height: 15px; width: 1%;"></div>

10



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In The Resource Library

Prime Vendor Bid Templates

Operator enters information in these cells
Vendor candidate enters information in these cells

Prime Vendor Quote Sheet

Vendor:				Average Units/Week	Price Quote Today	Quote Basis	
No.	Product	Brand/Specs/Grade	Unit/Pack			Cost +%	Cost +\$/Unit
1.					\$	+	% +\$
2.					\$	+	% +\$
3.					\$	+	% +\$
4.					\$	+	% +\$
5.					\$	+	% +\$
6.					\$	+	% +\$
7.					\$	+	% +\$
8.					\$	+	% +\$
9.					\$	+	% +\$
10.					\$	+	% +\$
11.					\$	+	% +\$
12.					\$	+	% +\$
13.					\$	+	% +\$
14.					\$	+	% +\$
15.					\$	+	% +\$
16.					\$	+	% +\$
17.					\$	+	% +\$

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In The Resource Library

Prime Vendor Bid Templates

Prime Vendor Summary Sheet

No.	Item	DISTRIBUTOR A		DISTRIBUTOR B		DISTRIBUTOR C		DISTRIBUTOR D	
		Quote	Basis	Quote	Basis	Quote	Basis	Quote	Basis
1.		0 \$	+	\$	+	\$	+	\$	+
2.		0 \$	+	\$	+	\$	+	\$	+
3.		0 \$	+	\$	+	\$	+	\$	+
4.		0 \$	+	\$	+	\$	+	\$	+
5.		0 \$	+	\$	+	\$	+	\$	+
6.		0 \$	+	\$	+	\$	+	\$	+
7.		0 \$	+	\$	+	\$	+	\$	+
8.		0 \$	+	\$	+	\$	+	\$	+
9.		0 \$	+	\$	+	\$	+	\$	+
10.		0 \$	+	\$	+	\$	+	\$	+
11.		0 \$	+	\$	+	\$	+	\$	+
12.		0 \$	+	\$	+	\$	+	\$	+
13.		0 \$	+	\$	+	\$	+	\$	+
14.		0 \$	+	\$	+	\$	+	\$	+
15.		0 \$	+	\$	+	\$	+	\$	+

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In The Resource Library

Prime Vendor Bid Templates

Prime Vendor Spec Sheet

To assist you in determining the cost to service our account, please consider the following factors:

DELIVERY FREQUENCY
We will want deliveries on the following days:
 Monday Tuesday Wednesday Thursday Friday Saturday Sunday

DELIVERY TIME
We will accept deliveries at the following times: (check all that apply)
 Before 8am 8am – 11am 11am – 1pm 1pm – 5pm After 5pm

ORDER LEAD TIME
We will place our orders the same day 1 day before 2 days before 3 days before we expect delivery.

METHOD OF ORDERING
We will place our orders by the following means:
 By telephone directly to your company
 By giving the order to your sales representative
 By electronic transmission directly to your company
 Other _____

DESIRED CREDIT TERMS
We would like to do business on the following terms:
 COD Net 7 days Net 14 days Net 30 days
 Other _____

SEASONALITY
The seasonality of our business is approximately as follows:
 Jan – Mar _____%
 Apr – Jun _____%

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In The Resource Library

Prime Vendor Bid Templates

Cover Letter Template

(put on your restaurant's letterhead)

(date)

| *(name)*
(company)
(address)
(address)

Dear *(name)*:

We are planning to implement a prime vendor program and would like to invite your company to submit a proposal. The relationship we have in mind is a year-long non-contractual agreement that can be canceled at any time by either party.

The enclosed Market Basket Quote Sheet outlines the specifications and the average weekly usage of our principal products. Assuming that your company was the prime vendor and that we purchased the amounts indicated, please extend each item based on the invoice price we could expect as of ***(choose a date in the 4-7 days)***. In addition, please provide the formula by which you would set the price (cost plus a percentage or cost plus a fixed amount per unit) over the term of the prime vendor relationship.

To help you calculate the cost to service our account, I have included a Prime Vendor Information Sheet that outlines the parameters we expect in dealing with our prime vendor.

Your quotes should represent your best-price bids. There will be no additional negotiation on prices or pricing formulas prior to awarding the prime vendor designation. In the event that actual purchases differ from our projected usage by more than 20% (up or down), I expect that the price quotes and formulas would be subject to renegotiation.

If you are interested in being considered for selection as our prime vendor, please complete the enclosed information and return it to me no later than the close of business ***(date)***. In addition

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Prime Cost Resources

“Prime Vendor”

Articles

using our state of the art content filters.
Filter by content type, skill, stage or topic.

Search results for "prime vendor" x
Clear Filters

Content Type ▾

Articles

Downloads

Success Stories

Surveys

Systems

Training Videos


Webinars

Skill ▾

Stage ▾

Topic ▾


Articles x



ARTICLE

The Easiest Way to Cut Your Food Cost 10%


Contrary to what most of us, who have grown up in this business have been taught,



ARTICLE

Four Views on How to Lower Your Food Cost Through Effective Vendor Relationships

Here are four viewpoints on



ARTICLE

Strategies for Working With Foodservice Distributors

Is selecting a prime vendor for most items and cherry-

16

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Prime Cost Resources

“Prime Vendor” →

Templates →

using our state of the art content filters.
Filter by content type, skill, stage or topic.

Search results for **“prime vendor”**
Clear Filters

Content Type ▾


- Articles
- Downloads
- Success Stories
- Surveys
- Systems
- Training Videos
- Webinars

Skill ▾

Stage ▾

Topic ▾


Downloads
x



DOWNLOAD

Prime Vendor Quote and Summary Sheet


The Prime Vendor (Market Basket) Quote Sheet is a form to help you evaluate



DOWNLOAD

Prime Vendor Spec Sheet

A prime vendor program can




DOWNLOAD

Prime Vendor Cover Letter

A prime vendor program can be one of the easiest ways to lower your food cost. &

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State of Your Restaurant Survey



QUESTION: What was the best decision, new business practice you implemented in the past year?

MEMBER: *“Prime Vendor Agreement. Consolidating roughly 80% of our purchasing to one Prime Vendor saved roughly 9% COGS as well as administrative time saved by contacting less vendors and processing less checks.”*

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State of Your Restaurant Survey



QUESTION: What was the best decision, new business practice you implemented in that past year?

MEMBER: *“We fired several vendors. We now use a prime vendor. We cleaned up our inventory, reducing the number of items we had to purchase and track. We were able to reduce cogs an average of 5 %.”*

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Prime Vendor Webinar

Q&A



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Prime Vendor Webinar

**Can Consolidating
Purchases REALLY Lower
Costs for Independents?**



Thanks for attending!