

# 4.2 Sourcing ingredients

PRODUCT
DISTRIBUTION
PROMOTION
PEOPLE
FINANCE
RISK
GROWTH

- > *A good relationship*
- > *Choosing a supplier*
- > *Multiple sources*

The reliable supply of appropriate quality ingredients at a reasonable price is key to the development of a sustainable business. It is important to build good relationships with your suppliers whilst not becoming dependant on one supplier as this may leave you and your business exposed.

### **A good relationship**

A good relationship with your suppliers is essential to your business. We are now moving into the era of being in partnership with suppliers, in an effort for both parties to run efficient, sustainable businesses.

How do you build a good relationship with your suppliers?

- > Take time to get to know them, have regular meetings with them to keep them informed about your business. Treat them as a partner, give them samples of your product.
- > Pay on time or if you can't, let them know in advance and be proactive in developing a payment schedule
- > Be polite all the time, treat them the way you like to be treated.
- > Use them as a source of market information, they know what other businesses are doing.
- > Avoid last minute orders—try and develop standing orders that are only modified when need be. That way the supplier can also plan.
- > If there is a problem with any of the base products—make sure you inform the supplier straight away.
- > Ask them how you can do business better with them and how you can help them make money.

To ensure the quality of your ingredients it is wise to build an approved supplier system where you only use suppliers which have effective Good Manufacturing Practices (GMP) and food safety programs in place.

When you first start developing your recipe, chances are you will have bought most of the ingredients at the supermarket (unless you are value adding onto your own primary produce). However, if you wish to commercialise your product you will need to set up a relationship with wholesalers to:

- > Be able to purchase in bulk quantities
- > Get the best possible price on ingredients
- > Set up trade terms (*e.g.* 30 days)
- > Get the ingredients delivered to you at a time the business is open

### **Choosing a supplier**

When you start looking for suppliers

- > Shop around, and gather up product listings so that you can find the best price with the best service
- > Make sure the supplier is reputable with safe products
- > Set up meetings with the suppliers to discuss items as set out above, so that they know you really mean business
- > Keep your product listings up to date and don't be afraid to ask for the best possible deal

When you choose your suppliers:

- > Set up trade accounts as soon as possible
- > Obtain specification sheets and declarations
- > Develop an efficient and effective system of ordering
- > Develop an efficient and effective system of goods receipt including checking stock when it arrives to ensure that it is what you ordered and is good quality
- > If refrigerated, check the temperature to make sure it is within the appropriate parameters and do not accept it if it is out of specification.
- > Develop an efficient and effective system of payment
- > Using the above systems ensure records are kept so that all supplies can be traced back to the supplier in case of a product recall

### **» 4.3 Quality and safety**



### ***Multiple sources***

It is also important to not be dependent upon only one supplier for your base products. Especially in the primary sector, imagine if your core product is tomato sauce and you buy from only one tomato grower. If his crop is wiped out by disease or hail, then where will that leave you? You must weigh up the benefit of the potentially strong working relationship with the risk of being fully exposed to any problem a primary producer may have.

To reduce your exposure,

- > Make contact with other suppliers—you may find that they offer better prices/ better terms or even better quality goods.
- > Ensure that you do have a good relationship with your existing supplier—this way you will be the first to know if there is a problem
- > Think about bulk buying or forming a cooperative with other food producers, or your local food group. This will give you greater buying power and will assist in spreading your business around.

Remember that if you have a good relationship with your suppliers, they can be your partners in developing a sustainable business. Keep them informed of your successes so that they feel included—they may become an integral part of your marketing team!