

Small Food Companies Push into Big Deals

JOYCE M. ROSENBERG, AP Business Writer

NEW YORK (AP) — When a small business can boast having big clients like Wal-Mart and Procter & Gamble, their peers often want to know how they did it.

The truth is there's no magic that gets a small business a deal with big companies. It takes good old-fashioned pavement pounding.

The makers of Arctic Zero started small, selling their no-fat, ice cream-like frozen dessert to natural food stores and independent grocers in Southern California. But they wanted to get in national chains. It took a year and a lot of traveling to get into Whole Foods. It took four years to get on Wal-Mart's shelves.

"It was just a lot of hustling, a lot of hard work, pitching, going in and talking," CEO Amit Pandhi says.

Many small business owners dream of selling to big companies. But the competition is fierce. Rivals can include entrenched national players or fast-growing upstarts. Corporate buying departments often aren't interested in a product without a successful track record. To get in, small businesses have to convince big companies to give them a chance.

To get its pints into Whole Foods, Arctic Zero visited many individual stores. Although big retail chains buy nationally or regionally, sometimes local store managers can buy some products on their own.

"We literally had to go store by store, region by region," says CEO Pandhi, whose company is based in San Diego. Finally, in about a year, Arctic Zero made it to a Whole Foods' freezer case.

Pandhi's pitch includes bringing samples and showing off his sales figures. Usually, it takes two to three conversations before a manager says yes.

After their first Whole Foods win, Pandhi and other Arctic Zero executives got the dessert into about 250 stores.

Whole Foods is looking for products that meet its standards for natural ingredients and that stand out from the pack in their food category, says Elly Truesdell, the company's Northeast regional buyer. Companies also have to be willing to help promote their products — for example, with in-store demonstrations — so shoppers will know there's a new product on the shelf.

While they courted Whole Foods, Arctic Zero also pitched Wal-Mart and grocery chain Kroger. In 2011, Kroger not only said yes, it decided to immediately stock all its 2,200 stores. Arctic Zero had to sign up more manufacturers to handle the

Small Food Companies Push into Big Deals

Published on Food Manufacturing (<http://www.foodmanufacturing.com>)

demand.

After Arctic Zero's success with Kroger, Wal-Mart followed, putting the frozen dessert in 2,300 stores and then expanding to 2,500, Pandhi says.

NETWORKING WORKS

Linda Boasmond networked her way into contracts with Procter & Gamble, Colgate-Palmolive and Citgo for her company, Cedar Concepts. The Chicago-based business makes chemicals used in consumer products like shampoos and conditioners and in oil drilling and the manufacture of airplane parts.

When large companies need small batches of chemicals, typically several million pounds, they turn to businesses like Cedar Concepts rather than massive producers. Belonging to networking and industry groups like the Women's Business Enterprise National Council and the American Cleaning Institute helps Boasmond connect with purchasing executives. She also attends events and conferences held by the Women's Business Development Center, a program to help women-owned businesses, and the National Minority Supplier Development Council, an industry group that links minority firms with big corporations. She attends about 100 events a year.

"People are still going to want to put a face on a company, especially when we're talking about a multimillion-dollar contract," Boasmond says.

And even then it takes patience. It took three years for Cedar Concepts to get its own contract with Procter & Gamble. It landed that deal after first being a subcontractor to a company that had a direct contract with the consumer products company.

USING A MIDDLEMAN

Supermarket beer aisles are dominated by megabrands like Budweiser and Miller. There are hundreds of craft beers vying for a place on the shelves including Back Forty Beer Co., a Gadsden, Ala.-based brewer that got its start in local restaurants and bars.

To get into Wal-Mart and big supermarkets like Publix, Back Forty linked up with 18 wholesalers that have good relationships with large retailers. During a sales call, Wilson shows Back Forty's sales figures. Later, the wholesaler follows up.

"We've found ourselves in the unique position to open doors because of our wholesalers," president Jason Wilson says.

It took about two years from its founding for Back Forty to make it into some Publix and Wal-Mart stores in Alabama. In another year, it expanded into more stores in the South.

But once in, it's not always smooth sailing. Sometimes stores carried Back Forty

Small Food Companies Push into Big Deals

Published on Food Manufacturing (<http://www.foodmanufacturing.com>)

beer and then stopped ordering. Poor sales figures can lead to rejections. But Back Forty has weathered the challenges and is now in Target, Kroger and Winn-Dixie, another grocery chain.

And this winter, Wilson got a call from a wholesaler who had good news: Sam's Club wanted Back Forty, and in time for the Super Bowl.

"We had a lot of high-fives, handshakes and hugs — and then back to work," Wilson says.

Source URL (retrieved on 04/28/2015 - 2:47pm):

<http://www.foodmanufacturing.com/news/2014/03/small-food-companies-push-big-deals>