

## Sales and Service

In today's foodservice equipment sales and service marketplace, you will find many diverse businesses and operating philosophies. However, for the most part, you can categorize it all relatively simply.

On the foodservice side of the business, you typically have sales entities called dealers. Dealers purchase typically through buying groups, manufacturer's reps or, in some cases, directly from the manufacturer. In virtually almost cases dealers do not do service or repair work. Some however do have their own installation crews, but most subcontract the work, in many cases with service companies.

Dealers typically sell a wide range of products, from heavy equipment like mixers, ovens, ranges, etc., to linens and table ware, even furniture.

In some cases, where you have a nationally prominent business like an Olive Garden, etc., manufacturers will have teams that sell direct to these customers.

On the retail side of the market, where the end users are supermarkets, c-stores, bakeries, butcher shops and delis you typically deal directly with the manufacturer through its sales team, which may be sales persons employed by the company or in my case, resellers. The manufacturer's sales teams typically consist of national accounts sales and street sales.

In most instances, companies that deal with the retail market typically selling electronic scales, wrapping equipment, meat equipment, deli equipment, etc. will have a dedicated service team. This service team typically is typically tied hand in hand with the manufacturer, either being run by the manufacturer itself or in a sales and service capacity, which is my relationship with the ITW Food Equipment Group.

I do sales and service of our equipment within my territory to the food retail businesses and do service for all food service establishments. Food service would be restaurants, schools, hospitals, prisons, nursing homes and the like.

I realize it is impractical to have the sales and service model for both of these markets, but from my perspective I feel lucky to be able to conduct business in this way.

The reason I say this is because I feel like we have a more encompassing and well rounded relationship with the buyers of our retail equipment. We see the product through its life cycle and are intimately familiar with each and every machine we have sold.

In almost all cases of equipment that requires installation, we do the installation and in so doing we try and do install it correctly. When you install the equipment correctly and according the manufacturer's specification and requirements you are off to the right start and tend to have less service in the early years of ownership.

When the issue of repair or replace comes up with a machine, I believe, we have a more unbiased approach as there is no profit incentive to steer the customer one way or the other. Meaning if we were

exclusively doing service, there is a chance, that we, in our own self interest, might steer a customer to a repair because we wouldn't be selling the replacement. A dealer might steer the customer towards replacement since they don't do repairs. On the retail side, we do both, so we typically have a rational intelligent discussion with the customer and discuss the pros and cons of both scenarios.

On the foodservice side, we just do repairs, however because of our situation with food retailers we tend to carry that philosophy with us. So we put ourselves in the shoes of the customer with the benefit of our inside knowledge and push, always, for a decision that ultimately serves the customer best.

The thing I enjoy about sales and service is that it seems you develop longer term relationships with your customers. There is not a lot of turnover within this segment. Our business is pretty old and so our competitors. On the sales side, salesmen come and go. On the service only side, the touch points with customers are fewer and more spread out. When you do sales and service you naturally see your customers more frequently because you wear two hats. Plus with updating scales and wrapping equipment pretty often you are in the store more often than you would be on, say, an oven.

Hopefully this explains some of the businesses and operations involved in the sales and service of food equipment. It's kind of complicated until you examine the nature of the customers and then it makes sense as to how it is segmented.