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Starting Out: ... And Getting All Prepped Up

By COELI CARR

For some entrepreneurs, becoming a manufacturer's representative or product distributor — and helping an already established company grow — beats starting a business from the ground up.

After working in national and regional sales for fragrance companies for 20 years, Vivian Lee Silverman started her own repping business last year. Her company, VLS Productions, based in Port Washington, L.I., finds luxury items for small high-end boutiques throughout the country.

Silverman says many companies, especially smaller ones, 'hand over' the distribution tasks to entities on the outside. However, unlike larger distribution companies, "where there are too many cooks, and not everyone understands the brands," Silverman, as a solo rep and consultant, knew she "could offer more personal service and choose the lines and products the stores would want to sell."

The upshot would be that she'd constantly be evolving her own company as consumer trends changed.

In an ideal situation, the rep and the manufacturer or producer mutually benefit, said Beth Polish, a business finance consultant who owns The Critical Junctures Group and also teaches at New York University's School of Continuing and Professional Studies. Through the rep's efforts, the manufacturer gains a way to outsource sales, while the rep gains commissions based on the revenues generated.

Polish added that many manufacturers who are too small to compete in the market truly need distributors. And distributors, who often have different accounts that complement each other — for example, candles and candle holders — are in a better position to make more seductive sales presentations. That type of bundling, she said, makes for bigger inventory for the rep which, in turn, makes it easier to attract online advertising opportunities.

However, Polish warns, problems can arise if the distributor hasn't done a certain amount of "due diligence on the company itself and the actual product."

The rep, she said, needs to make sure that the manufacturer is solvent — going to credit agencies and getting financial documents are a must-do for reps — and can actually deliver not only the quantity of products

requested, but also the quality. “If quality control isn’t good, the retailer will send back the goods and this will hurt the distributor’s reputation with that store.”

It also pays not to automatically take the word of the manufacturer about how “hot” the product is. Polish advises distributors to ask potential retailers if they’d buy it or think it’s just a fad with little growth potential. Silverman, for example, found a men’s shaving line she was interested in —and got her husband to try the products out.

The other big question for the rep to ask, said Polish, is how agreeable the manufacturer is about supporting the rep by providing marketing materials and negotiating both pricing and contracts with retailers.

Time consuming? Yes. But Polish says, “It’s necessary for both parties to know each other and to see if the relationship makes sense.”

Polish advises entrepreneurs who want to start repping to attend trade shows —many of which are industry-specific —where hundreds of exhibitors with great wares have that irresistible sign posted in their booth: Distributors Wanted.

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