
FORMATION OF A SUCCESSFUL BUSINESS VENTURE

Once a catalogue house has expressed interest in your product, the next phase is for the buyer and possibly a quality-control inspector to visit your facility. They will be interested in seeing your equipment and talking with your managers before deciding whether your company is able to meet their demands.

Do not be intimidated by large or well-known mail order catalogue houses, such as Spiegel, J. C. Penney, or Sears. Such organizations often make less demanding arrangements with you as a period of indoctrination. This can serve as a gradual introduction to the process of supplying a catalogue warehouse.

Normally, the catalogue house will encourage you to visit its warehouse and facilities so you can see where your shipments will be sent. This visit will give you the opportunity to meet with the people who will be managing and handling your product. For very large items, you will be asked to ship directly to the consumer rather than to the warehouse (i.e. drop shipment). Most often, the catalogue house will reimburse you for shipping charges from the port-of-entry.

Each supplier-catalogue relationship is unique — no two agreements will be the same. This not only varies from catalogue to catalogue, but with supplier agreements within the catalogue house itself. For example, Land's End, a major clothing, bedding and accessories, and luggage catalogue, has over 400 manufacturers and suppliers, and each business contract is unique.

The mark-up on your product will vary, depending on the item and the catalogue house. There may be a mark-up in the range of 50 to 100 percent. Be certain that this issue is clearly addressed during contract negotiations.

Before you enter into a contract with a catalogue house, you should understand the buyer's policy on details such as:

- Back Orders
- Drop Shipments
- Lead Time
- Packaging Requirements
- Payment
- Quality Control
- Returned Items
- Product Servicing
- Schedule of Shipments

In many cases, the catalogue house will provide you with a "vendor package" during negotiations. This information outlines the process by which the catalogue and warehouse work, and explains how you as the vendor, fit into the process. This material also indicates all basic requirements that you and your product must meet.