
FORMATION OF A SUCCESSFUL BUSINESS VENTURE

When you find a catalogue house that is interested 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 or not you have the capability to meet their demands.

Do not be intimidated by larger or well-known mail order catalogue houses, such as *Spiegel*, *J.C. Penney*, *Sears*, etc. It is often the case that they will initially make less demanding arrangements with you as a period of indoctrination. In doing so, you will be gradually introduced to the process of supplying a catalogue warehouse.

Normally, the catalogue house will encourage you to visit their warehouse and facilities to show you where your shipments will be sent. With this visit, you will have 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, 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, *Lands' End*, a major clothing, bedding and accessories, and luggage catalogue, has over 400 manufacturers and suppliers and each business contract is individual.

The mark-up on your product will vary, depending on the item and the catalogue house. There can be a mark-up in the range of 50 to 100 per cent. Be certain that this issue is clearly addressed when negotiating your contract.

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

- Backorders**
- 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" while you are negotiating an agreement with them. This information details the process by which the catalogue and warehouse work, and how you as the vendor, fit into the process. This material also indicates all basic requirements that you and your product must meet.