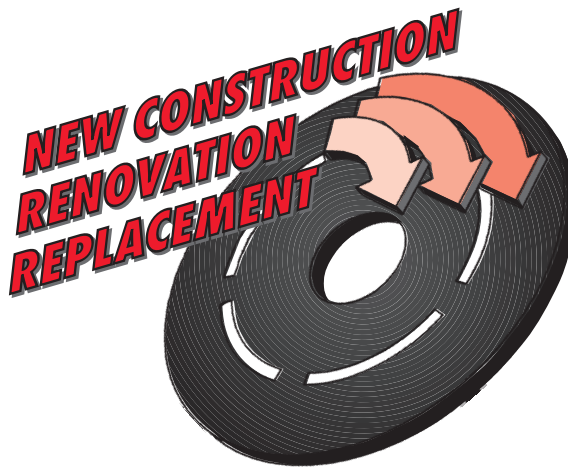


OVERVIEW

All new equipment must meet not only customer expectations but also industry standards for safety and quality. Chapter 3 discusses the primary safety approval agencies. In addition, you will discover the different channels of distribution and the roles professional associations play as resources to assist the purchase of equipment.

Foodservice equipment manufacturing is an exciting and dynamic business that represents the efforts of many players including engineers, safety experts and agencies, legal services, and marketing managers. Manufacturers are constantly looking for ways to build a better mousetrap. Their responsibility is to consider the customers' needs and expectations while working with research and development to formulate the concept. Marketplace needs are a major influence on research and development.



The Manufacturer's Role

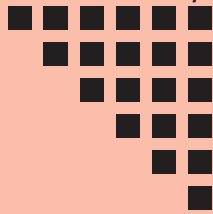
The process of concept development involves several steps. First, engineering takes the concept and builds it to meet customer expectations. Once prototype equipment is built, it is tested by safety agencies. Concurrently, the prototype equipment is field tested by customers who can provide a good application of the equipment. Next, the use and care manuals are written and then evaluated by legal services for clarity, legality of explanations, and safe use of the equipment. Some manufacturers are having their manufacturing processes and services International Standard Organization (ISO) 9000 certified. The ISO standards were developed by the International Standards Organization for manufacturers and service agencies as a means of defining quality manufacturing controls from concept to customer. Naturally, marketing efforts will include advertising, sales material development, and sales training. The cycle of development and testing is a substantial time and cost investment. This multi-year process can run into millions of dollars.

Safety and Quality Standards for Foodservice Equipment

In your evaluation of foodservice equipment, it is important to consider the safety standards that each piece meets and the requirements of your school system. The primary safety approval agencies are the National Sanitation Foundation (NSF), Underwriters Laboratory (UL), and American Gas Association (AGA). All three organizations provide third party conformity assessment services. Identification of their seal on a piece of foodservice equipment should provide a sense of security related to the safety of that piece as used by foodservice assistants. The cost of certifying safety standards of foodservice equipment is borne by the manufacturer. The safety standards specify the requirements for the products that include requirements related to materials, design, construction, and performance. The manufacturers' marketing materials include information on compliance with safety approval agencies.



Traveler's Tip



Some CNP directors report using odd pieces of residential equipment at a school. Be aware that they are not NSF approved and they are not accepted by most health departments. Do not replace equipment with residential models.

National Sanitation Foundation (NSF)

National Sanitation Foundation (NSF) is a non-profit organization dedicated to public health, safety, and protection of the environment. It develops safety standards focusing on cleanability and durability of products. In addition, NSF provides extensive education and third party conformity assessment services. The NSF standards define requirements for materials, design, construction, and performance necessary to meet the criteria of cleanability, food protection, and freedom from harborages. In order to receive the NSF certification, the product must conform to all NSF requirements. Once a manufacturer has met the NSF standards and documents that it can maintain certification, it is authorized to use the NSF mark on the products and in marketing materials.

American Gas Association (AGA)

International Approval Service (IAS) performs the certification commonly known as "AGA Certification." IAS is a non-profit accredited laboratory that sets equipment design and safety industry standards for gas-fired appliances.

The American Gas Association (AGA) is an association of almost 300 natural gas distribution, transmission, gathering, and marketing companies in North America. AGA's primary role is to seek to boost demand for natural gas through its role as a federal legislative and regulatory advocate for the gas industry.

Underwriters Laboratories (UL)

Underwriters Laboratories (UL) is a non-profit organization that provides a variety of certification tests to evaluate electrical appliances used in commercial cooking, refrigeration, food preparation, and food processing plants. UL listed products are tested for fire safety, shock, and casualty hazards.



Historically, UL only evaluated electrical appliances. However, the agency now offers manufacturers the options to certify gas-fired appliances for meeting AGA standards and electrical and gas-fired appliances for meeting NSF safety and sanitation standards.

This option offers the manufacturer a “one-stop-shopping” method of product certification. The benefits to the manufacturer include one location, one engineering staff, and one product submittal. Manufacturers have found this option a less expensive method of meeting safety requirements. A piece of foodservice equipment using the UL listing for product certification to meet NSF and AGA standards will have a seal of approval. Addresses and phone numbers of safety approval agencies are located in Appendix, p. A.7-9.

International Standards Organization (ISO)

The ISO 9000 certification is a series of standards sponsored by the International Standards Organization (ISO) which investigates processes such as quality systems to be established by manufacturing and service firms. It is an internationally recognized quality system standard. Many end users, operators, and consumers look for companies acquiring ISO 9000 series certification. They recognize that it means the standards are met from concept to customer.

Channels of Distribution

The manufacturer follows all of these review steps prior to the introduction of the equipment into the marketplace. The introduction phase is also substantial. Products are marketed using a variety of mediums including advertising, sales materials, sales training, equipment shows, and online services. Then manufacturers of foodservice equipment sell their products through various industry channels of distribution. This is a term that describes how the equipment makes its way from the manufacturer to the ultimate end-user. Within the school foodservice system, the final destination is the school or central kitchen.

Remember, the foodservice industry is competitive, and within the industry the channel of distribution is complex. Companies have escalated their efforts to increase their market share and expand their distribution channels. As the CNP director, you have many choices. Still, how can you be sure you have considered the best options as you travel down the Purchasing Parkway?



First, make sure you understand how each industry segment or point in the chain can help you achieve your ultimate goal. Each network segment plays a unique role in the marketplace and assumes various responsibilities. Remember that some organizations even function in more than one network segment. Table 3.1 outlines the channels of distribution from the manufacturer to the end-user. It's an excellent segment by segment overview of the industry and will serve as a road map during your journey down the Purchasing Parkway.



Table 3.1 Manufacturers' Distribution Network

| Network Segment | Marketplace Identity | Primary Roles and Responsibilities |
|--|--|--|
| Independent Manufacturer Representatives | <ul style="list-style-type: none"> ■ Independent organizations that represent more than one line of non-competing products ■ Cover large geographic areas ■ Salary based on commissions set by manufacturer ■ Rarely take title to the goods that they are selling | <ul style="list-style-type: none"> ■ Eyes and ears of the manufacturers, determine customer expectations ■ Educate other members of distribution network on several manufacturers' product lines and services ■ Provide sales quotes ■ May play a role in installation, on-site demonstration, and staff training ■ May trouble-shoot some service problems |
| Company Direct Sales Force | <ul style="list-style-type: none"> ■ Employees of manufacturer ■ Only represent one manufacturer's product line in the marketplace | <ul style="list-style-type: none"> ■ Eyes and ears of the manufacturers, determine customer expectations ■ Educate other members of distribution network on their manufacturers' product lines and services ■ Provide sales quotes ■ May play a role in installation, on-site demonstration, and staff training ■ May trouble-shoot some service problems |
| Stocking Distributors | <ul style="list-style-type: none"> ■ Independent organizations that represent more than one line of non-competing product lines ■ Will take title to the goods they are selling | <ul style="list-style-type: none"> ■ Educate other members of distribution network on their manufacturers' product lines and services ■ Provide sales quotes ■ May play a role in installation, on-site demonstration, and staff training ■ May provide service and repair for all items sold ■ Usually sell a specialty item geared to a specific market niche |

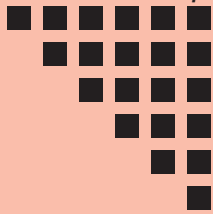


Table 3.1 Manufacturers' Distribution Network

| Network Segment | Marketplace Identity | Primary Roles and Responsibilities |
|--------------------------------|--|---|
| Equipment & Supplies Dealers | <ul style="list-style-type: none"> ■ Historically positioned as the “channel captain” within the channel of distribution ■ Internal and external sales forces represent many competing product lines | <ul style="list-style-type: none"> ■ Educate end-users/operators about all manufacturers' product lines and services ■ Make recommendations to end-user based on needs assessment ■ Provide sales quotes ■ Determine product availability ■ Install products, provide on-site demonstration, and staff training ■ Provide service and repair for all items sold ■ Supply all “buy-out” items |
| Broadline Distributors | <ul style="list-style-type: none"> ■ Large food distributors ■ Expanded product line includes food, supplies, and foodservice equipment | <ul style="list-style-type: none"> ■ Provide a range of services similar to equipment dealers except that they sell primarily food rather than equipment ■ Have buying power and leverage to provide highly competitive pricing |
| Fabricator Dealers | <ul style="list-style-type: none"> ■ Intermediary organization whose job is to coordinate the installation of new or renovated kitchens ■ Design services | <ul style="list-style-type: none"> ■ Supply all “buy-out” items ■ Fabricate stainless steel counters and workstations ■ Provide complete installation and start-up of all equipment and supplies ■ Some provide complete kitchen and front-of-the-house design services and perform the role of foodservice equipment contractor |
| Wholesale Clubs | <ul style="list-style-type: none"> ■ Source of foodservice supplies and some equipment | <ul style="list-style-type: none"> ■ Expansion of a consumer market into foodservice supplies ■ Emerging segment of channel of distribution |
| Foodservice Design Consultants | <ul style="list-style-type: none"> ■ Design complete foodservice systems | <ul style="list-style-type: none"> ■ Provide layout and design expertise to end-user ■ Recommend equipment and supplies to meet the goals of the end-user ■ Write specifications |



Traveler's Tip

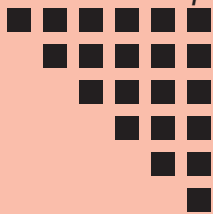


CNP directors who have experience working with foodservice design consultants recommend that the consultant work for the director and not the architect. In this way directors can indicate more effectively what they want and need.

Service Agency

No matter which channel of distribution you choose, all purchases must be linked to a service agency. The primary function of the service agency is to repair faulty or inoperative equipment from many different manufacturers. They may also manage warranty claims. Most manufacturers train service agency personnel on the proper repair and maintenance procedures for all pieces of equipment they manufacture. In addition, manufacturers may employ service agencies to install their equipment or inspect installation done by other intermediaries. Expect additional costs if you are located in a rural or hard to access area. Be sure to discuss the role and expertise of the service agencies as you consider various channels of distribution. Don't be caught at a road block in the Purchasing Parkway.

Traveler's Tip



Keep in mind the primary business of the expert or advisor. Seek advice from the most appropriate source.

Professional Associations

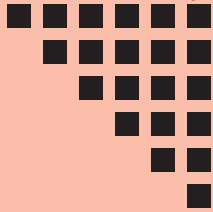
As you consider the benefits and features provided by the different channels of distribution, you will want to utilize the resources provided by numerous professional associations. Table 3.2 outlines the mission of each professional association. The address and phone number of each professional association is located in Appendix, p. A.7-9.

Table 3.2 Professional Associations

| Professional Association | Mission or Major Goals |
|--|---|
| North American Association of Food Equipment Manufacturers (NAFEM) | To develop, promote, and communicate cooperative programs and activities that will improve the level of professionalism and provide a vehicle for broadening knowledge of members and affiliates within the global foodservice equipment and supplies industry. |
| Manufacturers' Agents for the Foodservice Industry (MAFSI) | The primary interest group of independent manufacturers' sales representatives. Its goals address education, public relations, industry planning, and strategic alliances. |
| Foodservice Equipment Distributors Association (FEDA) | The primary interest group of the equipment and supplies dealers. Its goals include setting industry standards for dealers and acting as an educational voice. |
| Foodservice Consultants Society International (FCSI) | To promote professionalism in foodservice and hospitality consulting while returning maximum benefits to all members. |
| Commercial Food Equipment Service Association (CFESA) | The ongoing mission of CFESA is to continually enhance the original vision of its founders by providing services and education that enable members to ensure the satisfaction of their customers while improving the proficiency of their businesses. In addition, CFESA will provide opportunities for its membership to promote their image and interests within the food equipment industry. |



Traveler's Tip



As you travel down the Purchasing Parkway you will want to collect business cards from professional representatives, with whom you come in contact. This will help you pinpoint who is who and provide a quick reference source.

The equipment manufacturers, safety certification organizations, distribution network, and service agencies all play an important role in providing information and service to you and your organization. You will want to avail yourself of all the professional service and association representatives in your community.



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