

Kettle Corn



Don't Get Taken: A How To Manual

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“Size Does Matter”

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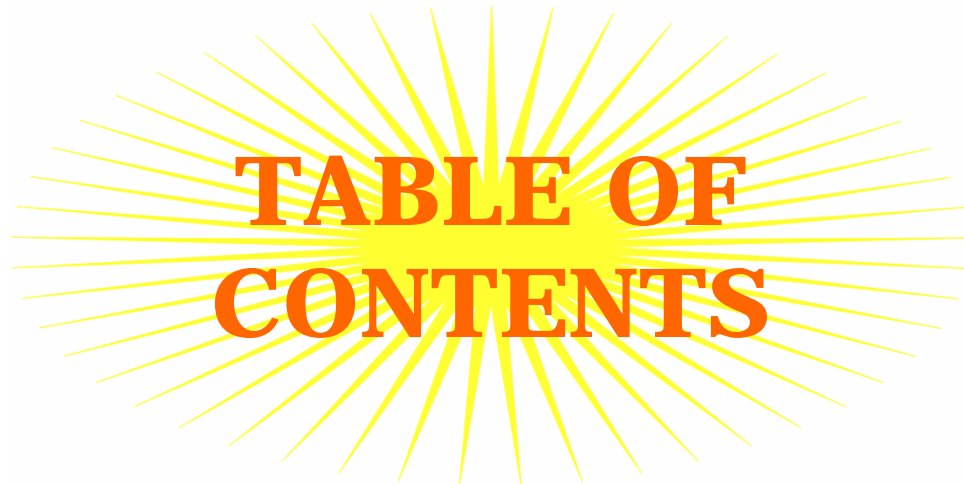


TABLE OF CONTENTS

INTRODUCTION.....	3
GETTING STARTED	5
Business License	5
Health Permit	5
Banners	6
Tent	6
MAKING MONEY	9
Street Corners.....	9
Large Venues	10
Shopping Plazas	10
Fundraisers.....	11
Non-Profits.....	11
Malls	12
Large Corporations	12
School Fairs	12
PRICE AND SALES	15
The \$2 bag became a \$3 bag	16
Pushing the better deal (people like deals).....	16
Customize your bags (everyone leaves with a bag).....	17
Samples Sell.....	18
CONTRACTS	19
Basic Protection:.....	19
PROPOSALS	25
Sample Cover Letter	26
Sample Proposal #1	26
Sample E-Mail	28
RFP'S	30
LOCATIONS	32
THE END.....	34

INTRODUCTION

I'm not really sure how my wife and I got started in this business. We were supposed to start a consulting business, and then one Sunday I was going through the classifieds and I saw a Kettle Corn machine for sale. We have two very good friends in San Diego who have a Kettle Corn business. We knew how successful it was for them, so after seeing the ad we called the owner and asked if we could stop by and see the Kettle. After a day of thinking about it, we purchased the Kettle and within a few months I had left the security of my job to pop Kettle Corn full time.

I've been told that having your own business is difficult. I think having a vending business is even more challenging. It's a challenge to find events and venues... especially in a competitive market like ours in Tucson. Because it is so competitive, we have had to adapt and come up with ways to make our business grow. In short, I've taken a crash course in sales and marketing. We've had to be ultra creative in how we promote our business and we've had to work hard to establish positive relationships with promoters. Likewise, we have come up with a number of management and marketing strategies that have helped us maximize our events and sales.

Over the past several months we have helped dozens of vendors promote and market their business. Because of this success I decided to put together a manual to share with you what we have learned. Likewise, I hope that this manual will help protect you from the scum and money hungry promoters that exist. It is also my hope that this manual will keep you from having to reinvent the wheel... it will also serve as a catalyst to jump start your business and maximize your sales while limiting losses and failures. In addition, I hope this manual will keep you feeling positive about your business. Smile guys... you sell Kettle Corn for a living now. Gone are the days of corporate backstabbing and jobs that care nothing about you and are all about the **BOTTOM LINE!**

For me, Kettle Corn has been rewarding in ways I would never imagined. Of course, I dreamed about how nice it would be to not have to sit in a stuffy office all day. But the most rewarding part of this business has been being able to spend time with my wife. We go to a lot of events, shows, and concerts together. We laugh for hours at the characters that come to our tent

and we even make fun of the craziness that promoters make us go through. Our relationship has changed and evolved so much since we started working together. We are both so proud of our business and the service and product we provide. It's such a personal thing.

As you embark on your Kettle Corn journey remember that there will be ups and downs and there will be times of great satisfaction and times of disappointment. But, if you put yourself in a mindset that success is your only option then you too will find ways to succeed. This is precisely what you will find in this manual: the ways in which we have learned to succeed!

Good luck and GET POPPING!



GETTING STARTED

Business License

The best way to get yourself in trouble is to operate without a business license. Larger venues that you'll do business with will require that you show them a copy of your license. Besides, attaining a business license (BL) and a tax ID number will allow you to purchase some of your supplies under commercial status which can often be at a discount and often times tax free. Check with your local and state requirements for details on how to attain a BL and Tax ID number.

Health Permit

Health permits communicate to the public that you are safe to do business with. It also ensures the public that you abide by certain health and safety standards. Your local Health Department or Environmental Health Department will help you attain a permit. Every state is different so check your codes. Often times, there are various licensing and permitting agencies within a local region. For example, I do a lot of business in the New Mexico area and just within that locale I have to deal with city, county and state health codes... all have various and different requirements depending on the area of the locale or city which you are setting up.

Many times you'll have an option to establish a yearly health permit. I recommend doing this. However, if you're just starting out, and you've established a few gigs that you'd like to tryout you can obtain an "event permit". This type of health permit has a limited affinity. That is, it is generally only good for an event or a given period of time. More often than not, these time limits rarely exceed 3 weeks. The good part about these types of permits is that they are often very inexpensive (\$15-\$30) and sometimes do not cost anything. Many food vendors rely solely on these types of permits to do business. However, if you have plans on going "big time" with your business or even if you plan to vend at least once a month I would suggest getting a yearly permit. It will save you the hassle of having to go

down to your local authority every month to fill out a new form and pay the fee.

Banners

Think of banners as a key marketing tool for your vending business. For many of us in the vending business this is our sole source of letting attendees at an event know that we are doing business. Many times I have done shows where there are 20 or 30 tents lined up in a row. Attendees come out looking for that perfect item and are over-whelmed with a platoon of tents/booths to choose from. What you want is a booth that says, "Hey you, come over here and try this out"! Banners are one of the primary means to accomplish this. Generally speaking we have banners that line three sides of our tent (a 10 x 10 Caravan). In addition we have several flags that specify what we are selling (i.e. Kettle Corn). I use a telescoping paint pole (from Home Depot) to mount our flags. I secure this to one of our front tent legs and send the flag high above our tent. Imagine this, you are looking down a row of tents, and you see flags sticking out of my tent that say "Kettle Corn". In short, you want to let people know what you have and you want them to be able to see that from every possible angle. Additionally, you want to stick out from everyone else. Currently we are playing with a couple of facades that will secure to the front of our tent. One is a roll down canvas front that has an old KettleCornMachine.com airbrushed on it. The door acts as our serving window. We are designing it with small holes around the structure so we can poke white flashing Christmas lights out of it. Not only does the facade give us a wonderful "standout" look it also allows us to have bright and flashing lights at night. Whatever your case, do everything you can do to get noticed.

Tent

For the most part we use a 10 x 10 commercial grade Caravan brand tent. We like to use a colored top because it shows less dirt. Often times we do events where the promoter has already set up some sort of structure for vendors. If possible, ask if you can use your own tent. Why? Many times you'll get to the event to find structure that is not only unsafe but is smaller than what you are used to. In addition, if you have banners and walls that are made for a 10 x 10 structure you'll have a hard time getting them to work on an 8 x 8 structure. At one event we were mandated to use the promoter's

structure and it was an 8 x 8 box with no roof, floor, or sides. It was essentially a framed box. There were adjoining boxes in both directions for other vendors as well. We did our best to present well and keep our smoke out of our neighbor's areas (they were selling quilts). One word of caution about using your own tent, do everything you can to secure a location that will put you in the flow of high foot traffic.

Making sure you stand out in a sea of vendors is imperative.



The Cadillac Kettle Corn Kitchen



This Was A Great Event \$6700



Great Stands Help Profits



MAKING MONEY

Street Corners

I'm not a huge fan of street corners but I see plenty of people doing them. This, up front, tells me that they must be successful for those who are doing them. I once did a street corner and made about \$150. Even sitting at a street corner for 8 hours to make \$300 is not my idea of a success. That being said, we all have to do what we must to "make it". I've just found other locations to be more successful. This, however, does not mean that I would never set up on a street corner. I just don't need to and I think with a little planning and thought you might be able to find a location that is more lucrative.

In my mind, the major problem with street corners is foot traffic or lack thereof. I know loads of street corners that have thousands of cars that pass by everyday. .. the trouble is getting those cars to stop. Now, I can see a situation where it was easy for cars to pull up and buy a bag. That being said, I'd rather set up at the front door of Wal-Mart where I'm going to get foot-traffic. It's just stands to reason that people are more likely to purchase if they walk by the tent rather than have to drive off the road and get out of their car to purchase my product. The lesson here is getting the greatest bang for your buck. Foot traffic is always better in my opinion.

If you can find a busy street corner and want to give it a try...find a location that allows traffic to pull off the road easily. If people can't walk up to your tent at least find a spot that is easy enough to drive up to.

In my community, our City has specific regulations for street corner vending. It's as simple as requesting permission for a specific location and getting approval. Other communities do not allow street vendors at all. I guess if I were giving my general opinion about the topic of city approval for street vending, I'd say go set up and try it but don't replace a known successful gig for a street corner.

Large Venues

Large venues are great because you are pretty much guaranteed that you will get a large volume of people. When I say large venues I'm specifically referring to stadiums, civic centers, concert pavilions, etc. Generally speaking; however, these venues will have a large catering company who provides concessions. I personally have worked with Aramark, Chartwells and Finehost. Typically these companies will allow you to come in and vend as a "third party". In essence, you are working for them. The major catch is that more often than not you are going to have to pay them a hefty percentage (30-40%). I cringe when I pay these people, but I also remind myself they are bringing a crowd to me. So, if I pay 30% and I'm bringing in a total of \$2600 for a nights work it's ok. I'd never pay 30% for an event that I knew I was only going to make \$300.

Shopping Plazas

I like to use shopping plazas primarily because they present high traffic areas. One of the major dilemmas with these locations is that they typically frown on private vendors. Why? You might take away from their business or the business of the tenants. Put yourself in the shoes of a shop owner. Say you are paying rent for your small candy shop in a nice, up-scale shopping center and along comes a vendor selling all varieties of roasted nuts. Do you think that's going to take away from your business? You bet! And, if you were smart you would talk to the leasing agent or property management representative and complain. They, after all, are putting you out of business and if your shop goes out of business, then they don't get to collect rent. So, it's a bit of a sensitive issue. That being said, there might be plenty of times when the plaza is putting on special events that they would love to have you out for. Let's say they do eight special events per year and you make \$1000 per event. That's a relationship worth building. If it were me, I'd also take a bag of corn to the stores that I was in competition with...just as a sort of peace offering. Introduce yourself and be nice. Developing a personal relationship with the store owners humanizes you. Once you've developed a personal relationship with those store owners it becomes harder for them to complain about you... especially if they like you and they know you will only be out in front of their store eight times a year. Let this also be a lesson about human relationships. Vending is a small world; make friends and keep

good relationships. Remember it's a business, and a good part of business is developing and maintaining relationships with people. Don't let the fact that you're an occasional vendor make you less of a diplomat. You never know when that store owner is going to recommend you to do a private party for her spouses company that likes to pay \$125 per hour.

Fundraisers

Many times shopping plazas will allow you to set up for fundraising purposes. I do this with local schools and art clubs. I used to be on our University Triathlon Team and have also worked with them for fundraisers. This is essentially how it works: you connect with a group who wishes to do a fundraiser; they contact the location or plaza and ask to do a fundraiser. You set up, make money, and pay your agreed portion to the fundraising organization. For the most part, after I cover my costs I split my profits with the organization. All they really have to do is make the call and set it up.

Non-Profits

Non-profits work the same as fundraisers. The key with these organizations, as I have learned, is that often promoters will only allow non-profits to vend at certain events. For example, there is a large cultural festival that is established in my community. A very large non-profit group puts it on. Vendors at the event are typically various departments of the non-profit. For example, the human resource department might choose to sell cotton candy. The money which that department generates goes to support their yearly budget. What I did was partner with a department by telling them that I had a product that everyone loves (Kettle Corn). We also negotiated that if I could set up for the event they would provide me with staff to help me run the operation and they would get 40%. This works out for them because I have a product that will sell well at a large event. Besides, the departments know that if they set up to sell say, Corn Dogs, they are going to make a lot less money that they would on my Kettle Corn. Plus, they don't have to worry about rentals, food, health permits, etc. I have all of that! All they had to do is have one person help me. In the case of the cultural event, the department provided me with 2 employees who rotated every 3 hours. At the end of the day we made over \$1,700 after we paid them their percentage. Not bad considering I did not have to pay for employees to help me. The

benefit to me is that I got into an event that I would not have normally been allowed in, made \$1,700, contributed to a good cause, and got free employees. An all around win-win situation.

Malls

As you can imagine, malls are high traffic areas and for that reason they are great to set up at. The major issue is if you go in the mall, you'll be paying rent. If you set up outside the mall, you may make the renter unhappy, sort of similar to the shopping plaza situation. That being said, I know of a guy in my community who has a temporary structure set up outside the front door of a mall. He pays the mall 15% of his total sales and guess what? He makes a killing there. Likewise, I also have a good friend who has a temporary set-up in one of those open outlet malls. He pays a percentage and let me tell you... they typically make \$1,500 every Friday, Saturday, and Sunday (or \$4,500 a week) at that location. Not bad beans folks!

Large Corporations

Large corporations present a host of other opportunities for you as a vendor. They like to have parties, fairs, yearly up-date meetings, corporate parties, company softball tournaments, and the like.

Doing corporate events has been a new outlet for our business and I have to tell you it's among my favorite events. Typically, we send out flyers or we have contacts within organizations. Generally we charge \$125 an hour plus a 30-minute set up and tear down fee. I give out 20 ounce cups of Kettle Corn to the employees and am still allowed to "sell" large bags if employees request them. With regard to the cups and depending on the size of the event, I sometimes just put the cups on a table with a scoop and a large container of our product. I let the employees serve themselves. This means less work for me and people can get how much they want. The \$125 covers all expenses for the organization. That means we set up and pop corn and dispense it in 20 ounce cups.

School Fairs

School fairs are popular and you have in place a population that will come to their own event. It's a pretty good set up if you can work your agreement out with the school to suit your needs. Be careful with these because sometimes you can lose out!

Percentage: Most of our experiences with school fairs are that they typically want a percentage of the profits. The challenge with school fairs is that they often deal with tickets. That is, parents purchase tickets for their children and the children turn the tickets in for games, rides, food, etc. On the surface, this is a good idea because you don't want children losing their money. The problem is that by taking tickets, someone has to collect and count them. Typically these people are the event staff, which means knowing how much you made is out of your hands. It's too easy to make counting errors. I did a large carnival event for the University, in which they weighed the tickets! After the event was over and they gave us our earned figures I quickly realized how inaccurate the weighing technique was. There was a large discrepancy between what they were telling me I made compared to what I know I should have made, based on the pounds of raw seed I used. In all, I approximated that we lost roughly \$1,000 because of the weighing technique. So, tickets are a challenge. Plus, if you take tickets and an event staff comes around and collects, what do you do with the adult who wants to pay for some of your product? They need tickets! I've lost a lot of customers this way too.

Many times the value placed on a ticket is 25 cents. This is also a challenge. For instance, if a ride costs 5 tickets (therefore \$1.25) imagine how the child feels when he asks you how much your product is and you say "16 tickets" (for your \$4.00 bag). Sorry, that just does something to the psyche and surely tightens the lower back end of a kid who wants to get on as many rides as he/she can. To them, it sounds like \$16. For what it's worth... you might as well tell them to give you a lung for a bag of Kettle Corn.

On the flip side, we once did a ticket event and requested that we take only cash. The promoter agreed and we were happy. However, although we sold a lot of Corn to adults the kids who had only tickets could not purchase from us.

Also, because you are working with a school you are relying on them for your marketing to parents. At one school fair the parental group putting on the event advertised that we would have 2 ticket, 4 ticket and 6 ticket bags.

What they actually meant was a \$2, \$4 and \$6 dollar bag. Tickets at this event had a value of 25 cents...which meant we would be selling our product for \$.50 cents, \$1 and \$1.50. Ouch! We adjusted and changed the signs the event staff had made but we had to answer a lot of questions from parents as to why it was advertised as one thing and then changed to another.

So, the question arises how do you get around these school fairs and ticketing? Well, one of the solutions we have come up with is by becoming a rental. It's much like the agreements we enter into with corporations and businesses. We allow the school to rent us for \$125 an hour. That includes the product, set up, tear down, etc. It also means that no matter what happens we win. If it rains, we get paid. If they do a bad job of marketing, we get paid. If there is a competing event... we still get paid! This also allows the school to charge what they want, to collect tickets if they want or to just deal in cash. To us, we don't really care. We know that at the end of the night we will make our \$125 per hour. It also keeps the promoters honest in that they must make some reasonable assumptions about the number of people who will attend the event. I provide them with the basic information that roughly 10% of the total attendance will purchase Kettle Corn from us. A limiting factor, which I'll discuss later, is the number of other vendors present at the event. So let's say they claim that 5,000 people will attend their event. If 500 (10%) people purchase a \$3 bag of corn from us that yields roughly \$1,500 in sales. My fee for 6 hours plus 1 hour for set up and tear down, a total of 7 hours, would be \$825. The school would get \$675, which is roughly 45% of the total sales. The school makes out with a far better percentage than what I would have given them otherwise. The sacrifice I make with this percentage however is a guarantee on the flip side. Regardless of attendance, number of other vendors or weather conditions I know that I'm NOT going to lose. Plus, it helps promoters be realistic about their attendance numbers and may even motivate them to do a good job with marketing. Don't worry too much about it, chances are the school or fair staff are entering similar agreements with the carnival or jumping castle companies that will be at the fair as well.

PRICE AND SALES

When beer is \$6.50, do as the beer gods do... charge more!

When in Rome do as the Romans. We have learned that a \$4 bag will easily go for \$5 when the venue is selling a 12-oz. beer for \$6.50. In fact, people comment on how cheap it is. Maybe we should raise the price?

Don't undersell your product. At large events or large venues people just expect to spend more. Remember the last time you went to a professional baseball or football game? It's outrageous what they ask for a hotdog or soda. Follow the venues cue however. Give people what they expect.

Keep the smells going... the art of half batches.

In our Kettle we can make about 5 cups of raw popcorn at a time. The problem is that we know we typically sell popcorn after lunch and just after dinner. It seems to be the favorite snack. But, hey we have to be set up there. We might as well try and sell some outside of our "busy" time. Like I said, we can make about 5 cups or 4 medium bags in one batch. The limit is, when sales are slow and I make these large batches, I usually end up with a lot more popcorn than I'm selling. And, if I'm not selling it I have to stop making it. If I stop making it, I don't have the smell of my product in the air to TEMPT people. If I have no smells going, I don't make many sales.

The solution that we have found is to make half or quarter batches. We are always interested to see how our sales pick up just after we pop a batch. People smell our product and something in their head goes... "Ugh... smells good... me must eat". The only way you're going to tap into that primal urge or catch someone on an "impulse buy" is to keep your smells going. Adapting your batch size will help with this. Remember smells sell!

Sales and marketing is such a huge topic that the scope of this manual does not allow us to cover it in great detail. The bottom line is, however; you can use a few basic skills to enhance your sales.

The \$2 bag became a \$3 bag

One of the goals of having your own vending business is to make money. That's at least part of the motive for me to write this manual. I have this knowledge and I should sell it. It's that simple for every self-help manual you find on bookshelves and it's that simple for us as vendors. I have always approached my sales from the standpoint that: I want to get to \$1,000 as fast as I can today. Of course, \$1,000 is just a figure of speech. I really would like to make \$3,000 every time I set up. So with this mindset at my side it stands to reason that I would rather sell a \$4 bag of corn before I sold a \$3 bag. It takes fewer \$4 bags to get to that preverbal \$1,000. One of the ways we have done this through our sales is by increasing the price of our \$2 bag. This idea we borrowed from our friends Terry and Kacy of Wild West Kettle Corn in San Diego. They are perhaps the most successful Kettle Corn gurus that we know. Here's how it works: if a customer walks up to our tent and sees our small bag of corn for \$3 and a much larger bag for \$4, which do you think he/she will purchase? They see the better deal and they purchase the \$4 bag. This is exactly how I used to order food when I lived in the Czech Republic where they actually give the weight, in grams, of the dish. I would look at the menu and compare the price to the weight of the food. I paid little attention that the chicken had heavy bones which made it weigh more. I just knew that for \$2 I could get 400 grams of chicken and only 300 grams of pasta. I ate little pasta that year. There is just something about getting more for your money... or so it seemed.

Pushing the better deal (people like deals)

It's sometimes not enough to just display your prices and bags of corn. Let the customer know which deal is better. If someone walks up to my tent and says, "I'd like your small bag of Kettle Corn do you know what I tell them? I say "sure, but did you know that you can fit three of these little \$3 bags into one of these larger \$4 bags". And, then I say, "as you can see the better deal is the \$4 bag". Sure, I might have a slightly better profit margin on the small bag but remember my philosophy is to get to the \$1,000 as fast as I can. Sometimes you have the smart customer who thinks you're trying to pull one over on him. He sees the difference and thinks, "hey they are making a killing on that small bag... I'm going to buy the big one... it's a much better

deal". For these people, the pricing acts in the classic capacity of REVERSE PSYCHOLOGY. Having a Masters Degree in Psychology, I feel somewhat of an authority on this issue. Don't worry I'll spare you the details and psychoanalysis about your issues and how they relate specifically to the reasons you now pop Kettle Corn for a living. So tell me, did you have corns on your feet when you were a child or did one of your parents suffer from allergies to corn?

Customize your bags (everyone leaves with a bag)

No matter how you price your product there are still some customers who, for whatever reason, either are used to paying a certain price or don't have the correct change and will want you to make some special deal with them. We see these people quite often. Sometimes they are small children who are 75 cents short or they are 80- year old men who have never spent more than \$2 for a bag of popcorn in their life. Even better are the ones who say "I pay a dollar less for the same size bag from the guy set up down the street", with which I generally reply, "you eat that crap?" Just my own aggressive nature and another play on psychology, I guess. Given these types of customers we have always said and taken the philosophy that everyone who walks up to our tent should walk away with a bag of corn. So, with the customers I mentioned above we simply custom make them a bag. If a child walks up and says she only has \$1, we'll put \$1 worth of Kettle Corn in a bag for her. The same is true for the old man and the lady who pays less down the street. I'd never lower my price to the guy down the street. My product is much better than his is, I'm cleaner, and I have a reputation for having the biggest kernel this and that side of the Mississippi. So, if she's used to paying only \$3 for a bag of Kettle Corn, that exactly what I'll give her: a dollar less corn served in my \$4 bag. Plus, she leaves my tent thinking "I wonder what's wrong with the other guy's Corn". Well, let me just tell you. One of my customers told me the "other" guy once, after make a new batch of Corn, pulled out his false teeth, put the hand he pulled his teeth out with in the freshly popped corn, and had himself a sample taste. For 'quality assurance' he told his customers. He then, with a smile on his face said, "Damn good", put his teeth back in and started serving customers. So that's why I say to people "you eat that crap"? I guess its better than saying "you eat that false teeth, stinky halitosis, old geyser, gumming tasting skanky Kettle Corn?"

Samples Sell

No doubt about it, samples do sell. We've tried out all sorts of ways to give samples. We've used bins, boxes, tins and even those Rubbermaid cereal shakers. No matter what we do, people, like the old toothless man, still stick their nasty hands in the corn. What seems to work best for us is posting some "free sample" signs and as people walk up and ask, we scoop a few kernels in their hand. Of course, they walk away. They only get about 15-30 feet away before the taste hits them... then they turn right around and get in line to buy some of our good 'ole Kettle Corn. Again, and I can't say it enough...Samples sell! If you're slow, stand out in front of your tent with a few kernels in your scoop and stop people to give them samples. I've even gone into the crowd with a bag of our corn and sprinkled samples into people's hand. Another piece of advice; don't ask people if they want a sample. In general, people are suspicious and think that if they take a sample they are going to have to sit through some sort of 3-hour telemarketing seminar on purchasing time-shares in Hawaii. So rather than ask them, just say, in a nice way "hey, put out your hand and I'll give you a sample". People, although suspicious, are very obedient as well. Again, this is another topic for my Psychology 101 class.



CONTRACTS

Contracts are pretty much critical to your success. Often times, event applications serve as your contracts. Make sure you understand what you are getting into. Be cautious and remember that some promoters of events just want a big show. They are not really concerned with how much you make or even if you're successful. They are looking for appearance and the appearance of having a lot of vendors or booths attracts people and the more people they get in their door the more money they make. What I'm getting at is this: in the vending business the only person looking after your well being is you. Make sure you know what's going on.

Basic Protection:

Before you send off your application, there are a few warning signs or red flags that you should look for:

1. Is the event a first annual? If it is be cautious, first events are typically not big events. They are still in the growing stages, and getting an expected number of participants from the promoter is simply a guess. If they were asking for \$500 to get in an event, I'd be cautious. I might even propose a ladder system where I would pay them x amount if I made \$1,000 and y amount if I made \$2,000 or nothing if I made less than \$300. It never hurts to ask and... if the promoter is unwilling to agree to your request... well then, that tells you something doesn't it?
2. How many other vendors will there be? If a promoter tells me they are expecting 5,000 people at their event my next question is how many other vendors are allowed in the event. If they say 20 I say no thank you. I think that is too many vendors for such a small event. I've pretty much figured out with 5,000 attendees the event can support about 2 major food vendors (hotdogs, burgers, Mexican, etc.) and 2 snack vendors (roasted nuts, Kettle Corn, ice cream, etc.). We once did an event where the promoter told us that there would be 5,000 people and when we got to the event there were 18 vendors. To make matters worse, there was a carnival that

had been contracted to do the event and they brought with them their own food vendors. To top it all off, there were less than 1,500 attendees at the event. Imagine 18+ vendors competing for 1,500 customers... and not all of those customers are going to purchase food. It cost us \$125 to get into the event and we made \$140 for the entire weekend. After paying our product cost, travel and lodging... we lost big time! Oh yeah, I said this earlier but make sure you ask, if there is a contracted carnival, will they be bringing their own food vendors? Make sure you add that to the mix when you are thinking about doing events.

3. Who else is selling products similar to yours? I can't tell you the number of times we have gotten to events only to find that one of these hotdog trailers or hamburger trailers is also selling sugar or caramel corn. These guys can set up their trailer and sell every thing but the kitchen sinks out of it. Ask the promoter that they limit you to being the only vendor able to sell popcorn or popcorn products. If and when you get to the event and you see these guys selling popcorn, you can have the promoter stop them from selling their competing product. Before I go any further with this stuff I want to add something, a semblance of order here. All of these things that you are talking to the promoters about you should restate in an email or formal letter to them. For example, if a promoter tells me that I'm going to be the only popcorn vendor at the event I'm going to restate that in an email to them. In my email, I can mark it to indicate a return receipt when it has been read. This is sort of a certified mail of email and it helps me keep a trail of my communication with the promoter. I'm telling you to do this because many times you'll get one story on the phone and then another story when you arrive at the event. Sometimes promoters simply promote events and they don't actually go to the event. They leave that up to a third party. So you get to the event and see that Joe's Grease Burger Trailer is also selling sugar corn. You tell the person in charge that you had this agreement with the promoter and she says "sorry I don't know anything about that agreement". If you've "been good you can pull out your email history and show her your agreement. If she still does nothing you can ask her to contact the promoter. If you still hit a brick wall you can ask Greasy Joe to not sell his sugar corn. I doubt he's going to do that but your email history now gives you leverage to pursue the

promoter for lost sales in a court. Yes, I said court! Too many vendors get taken advantage of by promoters. I'd like to see a few of these scumbag promoters be held accountable and maybe the situation would get better of all of us, Again, just my take.

4. What type and how much marketing is being done? Getting the answer to this question will help determine if you want to go to an event. Just because event organizers tell you that last year they had 50,000 people at their event does not mean they will get that many this year. Often time's cities rotate the organization of their major events from staff to staff each year. Miss Suzie Organized may have put on the event last year but this year it might be Miss Jean I Don't Give A Crap About My Job. I know she has a long name! I might ask a promoter how much time that they spent on marketing this year as compared to last year, or how the marketing budget compares between the two years. I'd ask if the same person were marketing or organizing the event this year. I also ask what type of marketing is being done. If someone tells me that they expect 50,000 people and their major marketing plan calls for flyers to be placed at two regional libraries, well.. I'm going to be skeptical. This leads me to another source that might give you insight to an event: last year's vendors.
5. How many returning vendors do you have so far? If there are a large number of returning vendors that tells you something positive about the event. If all the vendors are new well that tells you something too. Remember that event I told you about earlier where there were 18 vendors and we lost out. Well guess what? None of the vendors had been to the event before. Now you see why I'm telling you this stuff. I don't want you to have the doom of the vending business shine on you. Imagine how we felt when we started talking to other vendors and asking, "so how did you do here last year" and everyone said, "we've never been here". When that happens folks it's all bad VOODOO!
6. Can you provide me with some references? They ask you for references, you should ask them too. I'd ask them to provide you with last years vendors as references. Call them, talk to them, get the ins and outs. Will they be coming back? Did they like the

promoter? Were their attendance numbers accurate? Did they provide trash pick up?

So you kept popping to keep the smells going... and now you have extra bags of Corn. Use them as marketing and call them a business expense... it's marketing after all. That's right; give those extra bags to prospective locations where you would like to set up. Give people a sample of your product to let them know how good it is.

A few parting words on contracts relating to large venues. Many of the larger venues will bring you on through an already existing food vending service. For example, a football stadium may hire one of the large food contractors such as Chartwells, Aramark, Finehost, Sodexo Marriott, etc. Since they have the contract with the stadium they have exclusive rights to all food being served. That being said, it will be these contractors who will allow you to sell Kettle Corn at the stadium. Since you'll need their permission you'll also have to enter a contract with them. They will, of course, require a percentage of YOUR sales in return (ouch). The point I want to bring up here is that when these contractors bring you on they do so as a third party contractor. There is a bit of confusion about what this means exactly. I'm currently in the process of understanding the full legal and financial aspect (for IRS purposes) of this relationship. However, if as third party vendors we are considered "independent contractors" (IC) then there are specific legal and financial guidelines that contractors must follow regarding our services. For simplicity sake, let's assume that third party contractors are technically considered an IC. In these cases the venue (or main food contractor) has the right to regulate the quality of our product but not the methods in which it was created. That is, they can reject our product for being unsatisfactory but they cannot tell us how to run OUR business. Likewise, they cannot regulate when, where and how you perform your service. They cannot discharge you from your services at will. So, why do these types of vendors like to bring you on as an IC? Well, you provide a pretty specific product and service. How many people do you know that would be willing to pop corn in the heat, take hot sugar on the arms and face, and stand at a hot Kettle for 12 hours for \$7.00 an hour? Not many huh? In addition to finding and training staff qualified to pop Kettle Corn venue vendors would have to employ these workers which means they would have to pay their employment taxes, maybe some insurance and all the other miscellaneous issues that go with hiring someone. But, if they bring you on as an IC, they get to avoid the risks of someone taking hot

sugar in the eye and don't have to pay your taxes. Even better, they get a percentage of your business and they don't have to do anything other than giving you the "OK" to set up and pop. This is why large venue contractors like to have IC's work for them.

As I mentioned before the IRS has set up a 20-rule guideline of IC's. I suggest that you research and understand them. Why worry about all of this? Well, if you enter a contract as an IC the venue contractor may try to regulate your business in a manner that is not consistent with the law and that can cost you extra time, energy and money. This can and will create hardships on your business. Here's a personal example and one that has caused me to begin researching this topic both legally and financially.

I have a contract with a large venue as a "third party contractor". To my understanding I am an IC. In fact, several legal and business people have told me that third party vendors are IC's. Since I'm not an employee of the venue contractor I must be an IC. Sounds simple enough right. The venue contractor regulates how I collect money and inventory my product and supplies. I must use their forms and follow their inventory procedures. At the end of the night, when I'm done popping and packing up, I must wait around an additional 2 and sometimes 3 hours waiting to process through their closing procedures (take closing inventory and report inventory, counting, categorizing and reporting money earned on a detailed reporting sheet, waiting in line to meet with their financial people so my money can be counted again and logged in). I then wait in line again to meet with the Director to go over my closing inventory and spoilage for the night. During this process he sends one of his employees to my truck to count and verify spoilage or extra-bagged corn). They have threatened to terminate my contract if I employ a specific individual, they regulate when I must show up to work and they collect my profits each night and take out the sales taxes. In addition, they keep my profits and send me a check for my due portion and they provide the facilities for me to operate the financial end of my operation. All of these items imply an employee-employer relationship and not an IC relationship. In short, when someone begins to regulate how you operate your business and they start controlling the finances of your business you have, in my opinion become their employee. If this happens I believe that they need to start paying for the time and energy it takes to meet their requirements (inventory, money handling, hiring process, etc.). Likewise, they will also need to start paying for your employment taxes and they will need to start paying you a wage complete with overtime!

The key here is to just be aware of the difference between IC and Employees. The verdict is not yet out as to how we as Kettle Corners fit into this equation. There's just something wrong about other people regulating your business . . . especially if what they are regulating is costing you a profit. The reason I got into business for myself was so that I would not be regulated. After all, I think we will all agree that as business owners we know what is best for our business, right?

PROPOSALS

There will be times when someone will ask you to put together a proposal to vend for them or for their venue. This can come about in a number of ways. For example, about a year ago I approached USA Baseball in hopes to vend for their spring and summer games. The process started with a phone call, which led to a face to face meeting. Marketing Strategy: I took three bags of Kettle Corn with me to the meeting. From the meeting we discussed details of the project and the Executive Director of USA Baseball asked me to put together a proposal of the details we had discussed. In another example, I contacted a local grocery chain and asked to set up in front of their store. The asked me to send a proposal in with details of my plan. In the first example the proposal came about as a result of a meeting. In that meeting we discussed the details as to what each party wanted. In the later example I had to put together a proposal sort of blindly. I had no idea what they would consider to be acceptable. These types of proposals are always a challenge and you develop no "real" relationships before you write the proposal so it becomes more sterile.. something I don't like all that much. Why? Well, it's hard for someone to get a feel for you, your business and the responsible nature you set forth without ever meeting you. Let's face it, there are a lot of sleaze-bag vendors out there... and they create a stigma for all of us. That's why I feel it's very important to establish a relationship with your promoters and event staff. Let them know what you are really about.

I personally like to spell out as much as I can in the proposal. I have debated a lot with others on the issue of putting a fee or percentage in the first proposal. Personally, for us, it boils down to the situation. I try to feel it out and if I think I can get a meeting without a fee or percentage listed on the first proposal I'll go that route. However, if I think that all the place is going to do is look at my proposal and make a snap decision and not want to meet I'll include it. Some people either just don't care or are too busy to meet with us petty vendors. So, my suggestion would be to play it by the situation.

Sample 'Proposals: This should go without saying but. . .make sure you put your proposal on quality paper, check the spelling, and if necessary have someone edit and check it for you. Darci, my wife and business partner, is an excellent editor so she serves as the gatekeeper for any professional

document that leaves our office. We've also created a nice letterhead and all of our proposals have our logo at the top as well. Remember that professionalism will get you in the door more often than haphazard chaos. It's just that simple.

Sample Cover Letter

December 7, 2000

Mr. Kettle Corn
USA Baseball
007 North J. Bond Dr
Tucson, Arizona 85716

Dear Mr. Corn,

Attached you will find a proposal the vending if KettleCornMachine.com Kettle Corn during USA Baseball events at Hi Corbett Field for the 2001 season.

We are excited about the possibility of being a part of the USA Baseball experience. We look forward to hearing from you at your earliest convenience. Of course, we are available to meet with you to discuss the details of the proposed partnership and of further developing our relationship

Happy Holidays and enjoy the Kettle Corn!

Sincerely,
Gregory W. Sweet, Owner

Sample Proposal #1

Proposal Details

KettleCornMachine.com is proposing a partnership with the Children's Miracle Network (CMN) and Wal-Mart Stores. KettleCornMachine.com would agree to pay 15% of their sales while popping Kettle Corn at selected Wal-Mart Stores (times, dates, and location to be determined by Wal-Mart, CMN and KettleCornMachine.com). Based on Kettle Corn

sales at Wal-Mart stores in the San Diego, CA and Boulder CO areas, SKK estimates that it can generate between \$13,000 (one location) and \$26,000 (Multiple locations) per year for CMN (assuming a Friday, Saturday, Sunday popping cycle for 9 months of the year.)

Related Details

KettleCornMachine.com possesses all the necessary documentation to do business with the state, federal and local governments, as well as a current health permit. KettleCornMachine.com also carries a \$1,000,000 liability insurance policy and can add CMN and Wal-Mart to that policy. KettleCornMachine.com also agrees to pay for the additions of CMN and Wal-Mart to their insurance policy.

Kettle Corn History

Kettle Corn was first introduced in the early 1700's. Pioneers would end a day of rendering lard from hogs by using the lard to pop Corn in their large cast iron Kettles. They would add to the Corn whatever confections they had on hand, such as molasses, honey and cane. The Corn was then cooked over a wood fire and scooped out by hand. While the tradition may have been long and forgotten, Gary Mann reintroduced Kettle Corn in 1984 at Mule Days in northern Missouri, where he still used a wood fire and physically picked up the Kettle to dump the Corn.

As one tale told "Kettle Corn" has a German derivation. Supposedly, German immigrant farmers two hundred years ago on the Plains featured lightly sweetened and lightly salted popcorn as the grand finale to their fall festivals. At the end of the day, they would use a little lard and their large open cast iron Kettles to pop wonderful, unique popcorn over wood or coal fires. As far as we can tell, this method pretty much disappeared until about ten years ago when a Midwestern farmer remembered how his grandparents used to pop this wonderful popcorn. About to lose his farm to the local bank, he revived the Kettle Corn tradition at local events.

KettleCornMachine.com Facade

KettleCornMachine.com can set up in a 10 x 10 space. For evening events we would request a standard electrical outlet for lights. Other than the electrical need we are completely self-contained. The entire set up takes approximately 30-45 minutes to erect and break down. Our E-Z up tent has a front pony wall (about 2.5 feet height) and two sidewalls that can

either extend as full walls or are used as pony walls. KettleCornMachine.com uses a high grade tarp for their flooring which allows for a "no mess" clean up. It is our intention to "leave no trace" that is to leave each location as we found it (clean and in order). The color scheme of our tent is red, white, and blue (blue canopy, white walls, red and white banners/flags).

KettleCornMachine.com prides itself on attention to detail and cleanliness. We approach every job with the mindset that, to the public, we are a direct representation of those we are working for. With this in mind, KettleCornMachine.com does as much as they can to present a positive, professional, and lively image.

KettleCornMachine.com would/could present just about any façade. If needed we could change our façade to match and flow with the "feel" or desired "look" of nearly any location

Background of KettleCornMachine.com

KettleCornMachine.com is owned and operated by Greg and Darci Sweet.

Both Greg and Darci are native Washingtonian's who have chosen Gig Harbor as their home.

Sample E-Mail

Dear Mr. Kernel Vendor

It was great talking to you on the phone today. Thank you for taking the time to answer our questions. We are excited about working at the annual event. . So that I make sure that I understood our conversation correctly, and to create a written history Of our conversation, I have outlined the details of what we discussed below. Please let me know if I need to make any modifications to this email. I know you are busy preparing for the event so, don't feel compelled to respond to this email unless there are correction that need to be made. Otherwise, I will assume that you are in agreement with the details listed below.

Key issues discussed in our conversation

1. KettleCornMachine.com will be the sole vendor of popcorn or popcorn products.
2. KettleCornMachine.com will be the only Kettle Corn vendor at your event.

(Note: Some promoters will tell you that events are not exclusive... what they mean is that they might allow more than one vendor of a specific type. In this case, that would mean they might allow more than one Kettle Corn vendor. This being the case I would request that they inform you 10 days prior to the event if they have scheduled more than one vendor of a specific type. If this happens, you might want to reallocate your resources. That is, if you think you're the only vendor selling ice cream and you know there is going to be 100,000 people you might take 500 pounds of ice cream and arrange to have 5 staff work for you. If the promoter then allows 3 other ice cream vendors in the event you are all going to have to share those 100,000 customers. Take it from someone who has had this happen before, the last thing you want it to be paying 5 staff to stand around and have to toss out 300 pounds of ice cream. Or, in the case of Kettle Corn, you don't want to have to haul around 2,000 pounds of extra product with you.)

So, in the event that the show is not exclusive I would write something to this effect:

3. Because the event is not exclusive I understand that you might allow another Kettle Corn vendor in your event. As we discussed however, you will notify me at least 10 days in advance of the event if you have accepted more than my application to vend Kettle Corn. This is greatly appreciated, as it will logistically allow me to direct or redirect my resources for the event.

(Note: don't forget to earmark the email so that you know when it has either been read or received).

RFP'S

RFP stands for Request for Proposal. All government or state agencies have a procurement process that they must follow. Because they are being funded or receive funds from public tax dollars their bidding has to be fair to all parties and has to allow equal access. This works great for you. Here's an example: Your local university is approached by a Kettle Corn vendor to set up and sell Kettle Corn on campus. The University likes the idea and would like to follow through on it. But, because they receive tax dollars they have to create a structure that allows equal access for all Kettle Corn vendors to come on campus. They do this by sending out proposals to all known and legitimate Kettle Corn vendors. This process of sending out proposals is called an RFP. Think of it as sort of an application. You receive the details on the application in the mail and you simply follow the instructions in the proposal. More often than not, the RFP's are lengthy and require references, photos, company history, company/owner background, and your responses to questions like:

1. How do you plan to keep up to health codes in foul weather conditions?
2. What will your pricing structure be?
3. What will you give back to our student programs?
4. What percentage will you pay to our student union?
5. How will you market our population and what sort of specials do you plan on running your first 3 months?
6. How will you help provide access to your tent booth for those who have disabilities?

There may also be demands such as:

1. The vendor shall install two sinks and a brick patio to their area, which shall match the existing decor of the University.
2. The vendor shall purchase a student ID swipe card machine and shall bare all costs associated with installing and maintaining that system.
3. The vendor shall pay the University .2% on every sale made from the electronic machine.

Read the directions of the RFP carefully. Things like "bare all costs to install and maintain" are key to understand. For example, we looked at vending at a University but the cost to install the network hardware, purchase the machine, and maintain the software and to install a patio that matched the decor of the existing University would have easily exceeded \$15,000. Then, if and when you leave, you just can't un-dig a patio or pull out data cable that is buried 3 feet below grade. What I mean is, once you install it, it pretty much belongs to the University. This being said, sometimes these types of governmental or state contracts can work out GREAT! And, for the most part they are 5-year contracts. So, if you find a gig that will produce say \$40,000 a year, for you, well that's a \$200,000 contract. Not bad beans!

LOCATIONS

Location Ideas: Below is a list of ideas or locations that have been successful for us. Try them out! We have also found that about 10% of people at an event will purchase from us. However, if it's a County concert or a Sporting Event... the percentage is often higher.

- Shopping Plaza's
- Department Stores
- Malls (outside/inside)
- School Fairs
- Job Fairs
- Church Events / Revivals
- Farmers Markets
- Outlet malls
- Concert Venues
- High School Athletics
- Large, non-tradition sporting events (big marathon races etc.)
- Local Sporting tournaments (soccer, softball, etc.)
- Professional Sporting Venues / Stadiums
- School or college special events or fund raisers
- Corporate parties or meetings
- Become a permanent vendor at your local community college
- Pre-pop bags and have students at schools sell them as fund raisers...they get a percentage for selling them
- Outside of busy grocery stores
- Local Convention Centers (these locations usually have home and garden shows etc.)
- Hotels (find out when large conventions will be coming to your community. See if you can set up and sell to those conventions).
- Office complexes (large complexes sometimes have 100-5,000 employees in the area, plus the various meetings that are happening. See if they will hire you for a set amount of time for a sort of employee appreciation day.
- Apartment complexes:" grand openings and holiday parties... they can hire you out

- Car Dealers...have them add you on (hire you) to major promotions they have going on
- Local parks and recreation. Find out when your city is hosting large baseball, softball, soccer, etc. tournaments and see if you can set up for them
- Community Theater: see if there are free community theaters or outdoor concerts happening...these are often good places of medium size to sell and make some extra cash.

THE END

I've learned that in this business it can sometimes be feast or famine. Sometimes you cannot get to all the events that are going on while other times you cannot find an event within 1,200 miles. That's just a given. Every region will have the high and low seasons too.

Do what you can to stay connected to other vendors too. Often times they can and do tell you about upcoming shows. It's sort of a pool of resources. They can share ideas and can give you a heads up on good or bad events. When you're at events make the rounds, introduce yourself and make some new friends. Vendors are some of the greatest people I know... shoot many of them have the same values and philosophies as we do... that's why they are in the vending business!

If you have not yet visited the Kettle Corn Machine Company, (www.kettieCornmachine.com) I suggest that you do so! It's owned and operated by Greg and Darci Sweet. They not only make Kettle Corn Machines at great prices but they also have a host of resources and forums that you will find informative and very helpful. At their site you'll find links and numbers to other Kettle Corn vendors of which you can call or email and ask questions.

Best of luck in all your popping!
Gabriel Maxwell

RECIPES

Classic Kettle Corn:

24 oz corn oil
6 cups corn
2 cups sugar
2 table spoons salt

Cinnamon Kettle Corn:

¼ Cup Cinnamon added to Sugar, Corn and Oil
Salt to Taste After Popping

XX Habanero Hot Sweet Kettle Corn:

2 TBS. Dave's Insanity Sauce
¼ Cup Cayenne Pepper
2 Cups Sugar

Directions:

In addition to your regular corn oil add 2 TBS. Dave's Insanity Sauce and pop as usual adding your sugar at the same time you add everything else. Salt to taste and sprinkle your Cayenne Pepper on when adding your salt. **WARNING!!!! THIS IS VERY SPICY AND MUST BE SERVED WITH A WARNING FOR YOUR CONSUMERS SAFETY!!!!**

FLAVORED SYRUP VARIATIONS:

1/3 Bottle of Any Cold Filtered Coffee Syrup
2 Cups Sugar

Directions:

Pop batches of corn as usual, at the end of the batch popping (be careful to turn heat off soon enough as to not burn your corn) be prepared to add your syrup immediately, turn heat off add your 1/3 bottle of syrup around the edges of your kettle and stir until moisture from syrup has evaporated. Salt and Serve.

