

Representative Information

What information is available and how can I sell the products?

Fellows Creations, Crafts & Gifts (FCCG) purchased wholesale rights to sell World of Products merchandise. With these rights, FCCG received access to a number of catalogues (many containing exclusive products), product images and descriptions, and marketing tools. Representatives for FCCG also receive access to many of these tools. In fact, the only tool that representatives do not have access to is the wholesale website (that is for the exclusive use of wholesale right owners). Representatives can use the product images and descriptions to produce brochure, flyers, signs, e-mail sales notices, etc. They can distribute the catalogues to their customers if they choose - a listing of current catalogues is attached. Representatives can also choose to hold home parties (party manuals are available), sell at flea markets, do fundraisers, sell over the internet, etc. **There are NO restrictions related to the method you choose to sell the products.**

What does it cost?

The minimum cost is approximately **\$1.25 + tax** – the cost of our cheapest catalogue. You will need at least 1 catalogue in order to take orders. That's it! We also have kits of products that can be purchased. The kits are NOT necessary, but may help you to sell the products. If you choose to hold home parties, you may want to purchase a sample kit (see Simply for You Kit images) to help sell the products. The kits are sold at a greater discount than you would normally receive, so they can be a great way to "save". There is no limit to the number of kits you can buy - you can buy a kit, use it for display, sell the items and purchase a new one as many times as you like! There are clearance kits, best seller kits, new product kits, etc. The available kits can change weekly, so please ask for the current listings before you order – there may be one that has products you are ordering anyway... A list of Kits and Supply Pricing is attached.

What is my discount? Do I have to pay shipping?

There are 3 levels of Representatives – Referral Representatives, Sales Representatives and Sub-Wholesalers. Each will be discussed separately below. You can choose the one that suits you the best!

Referral Representatives:

This is the simplest type of Representative. A Referral Representative simply distributes catalogues or sends e-mails and refers customers to FCCG. When an order is placed with FCCG and we are informed that the customer was referred by you, you will receive your choice of the following:

- A cheque for 5% of the total sales (before taxes and shipping) to be paid at the end of each month
- A product voucher for 10% of the total sales (before taxes and shipping) to be used whenever you choose
- A combination of cash and vouchers

It's simple – you don't have to handle any products or worry about shipping or handling of payments – we do it all for you. It's our way to say thank you for sending us new customers.

Sales Representatives:

Representatives receive a discount and pay shipping based on the volume of sales. FCCG actually covers part of the shipping for you! In this model, Representatives must collect funds from their customers and may be required to deliver products (see additional information sections below).

<u>Sales Volume</u>	<u>Discount*</u>	<u>Shipping**</u>
\$0-\$249.99	20%	\$5 per order
\$250-\$499.99	22%	\$2 per order
\$500 and Up	25%	Free

Special notes:

* World of Products originates in the United States. When the exchange rate reaches 1.25 (\$1.25 CDN = \$1 USD) or more, the discount level may be adjusted downward. This is not likely to occur, as the company usually offers “incentives” to Canadians when the exchange rates get high; this is mentioned only as a precaution. In a case where they do not offer “incentives”, the discount will be calculated based on a profit share or the Sub-Wholesaler model will be used to calculate your costs.

** Products with the note **“additional shipping may be required”** in their descriptions will require an additional fee to cover the excess in shipping - the item is large and /or heavy and cannot be shipped for the usual rate. It is suggested that you contact FCCG to check on the additional charges and you pass along an additional shipping fee to your customers.

<p>Example calculation:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%;">Retail sales</td> <td style="text-align: right;">\$250.00</td> </tr> <tr> <td>Discount</td> <td style="text-align: right;"><u>-\$55.00</u></td> </tr> <tr> <td><i>Subtotal 1</i></td> <td style="text-align: right;">\$195.00</td> </tr> <tr> <td>Shipping</td> <td style="text-align: right;"><u>+\$2.00</u></td> </tr> <tr> <td><i>Subtotal 2</i></td> <td style="text-align: right;">\$197.00</td> </tr> <tr> <td>HST</td> <td style="text-align: right;"><u>+\$25.61</u></td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$222.61</td> </tr> </table> <p>This total is to be paid to FCCG in \$CDN.</p> <p><u>Note:</u> FCCG is required to charge tax on all orders.</p>	Retail sales	\$250.00	Discount	<u>-\$55.00</u>	<i>Subtotal 1</i>	\$195.00	Shipping	<u>+\$2.00</u>	<i>Subtotal 2</i>	\$197.00	HST	<u>+\$25.61</u>	Total	\$222.61	<p>If you only collected \$250 from your customers, you would receive \$27.39 (11% profit).</p> <p>To increase your sales, you may want to charge a shipping & handling fee to your customers. Assume you had 5 customers in the example order. If you charge each customer \$5, you make an extra \$25 - \$52.39 total (21% profit).</p> <p>You may want to register to collect HST, so you can pass on the tax charges to your customers.</p> <p>If you don't want to register to collect HST, you could elect to charge a combined shipping & handling & tax charge – i.e. 15% - and use this to cover the tax and shipping that you pay on the order. In the example 10.244% of the 15% would cover the tax you pay and 4.756% would cover the shipping (more than enough to cover your shipping - \$9.89 in additional profit). With a 15% additional charge on the \$250 sales, you would collect \$37.50 in “tax + shipping” charges – your total profit would be \$64.89 (26%). If you did a home party (~3 hours) that's <u>over \$20/hour!!</u></p>
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Sub-Wholesalers:

These Representatives are usually businesses and are expected to have larger sales volumes than the other types of representatives. Like the Sales Representatives, they must collect funds from their customers, look after delivery of products (as required), pay for shipping and taxes. Unlike the Sales Representatives, the Sub-Wholesalers must pay for their orders **in \$US (or US Funds)**. (FCCG may accept \$CDN from sub-wholesalers at a specified exchange rate on request – the rate will be set to match what FCCG will be charged for the order). Sub-Wholesalers are given wholesale list that displays the cost of each item. The “discount” rates for Sub-Wholesalers are higher than the Sales Representatives, but the shipping rates are much higher (currently 35% of the Wholesale Total) and they can increase at any time based on the postal rates. Additional Shipping note from above section also applies to Sub-Wholesalers as well. Basically, the big difference between the Sub-Wholesaler and the Sales Representative is “variability in price”; for the sub-wholesaler any or all of the following can fluctuate: wholesale price, exchange rate, and shipping rate – thus the profit margin will always be fluctuating as well.

<p>Example calculation:</p> <table><tr><td>Retail sales</td><td>\$250.00</td></tr><tr><td>Wholesale</td><td>\$125.00*</td></tr><tr><td>Shipping</td><td><u>+\$43.75</u></td></tr><tr><td><i>Subtotal</i></td><td>\$168.75</td></tr><tr><td>HST</td><td><u>+\$21.94</u></td></tr><tr><td>Total</td><td>\$190.69 US</td></tr></table> <p>This total is to be paid to FCCG in \$US or AMERICAN FUNDS!</p> <p><u>Note:</u> FCCG is required to charge tax on all orders.</p> <p>*This is an approximate wholesale amount; this would change based on the products ordered – this is an average estimate only. Some products have a higher cost, while other would have a lower cost.</p>	Retail sales	\$250.00	Wholesale	\$125.00*	Shipping	<u>+\$43.75</u>	<i>Subtotal</i>	\$168.75	HST	<u>+\$21.94</u>	Total	\$190.69 US	<p>Using an exchange rate of 1.10 – the total in \$CDN would be \$209.76. Your profit would be \$40.24 (16%). If the exchange rate is less, then the profit would be more. If the exchange rate is higher, your profit would be less.</p> <p>Also remember the tax – as a business you would likely collect taxes from your customers, (\$168.75 US = \$185.63 CDN using 1.1 exchange rate) so your profit would actually be \$64.38 (26%).</p> <p>You can also add shipping charges or mark the products up to make additional profits. Many Sub-Wholesalers use display merchandising as their primary means of sales. They may also choose to take orders as well.</p>
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Comparison of the 3 types of Representatives:

	<u>Referral Rep.</u>	<u>Sales Rep.</u>	<u>Sub-Wholesalers</u>
Work Required by Rep	Referrals Only	Orders and/or Sales (Home Parties, Flea Markets, etc.)	Orders and/or Sales (usually in a shop)
Product Handling?	NONE	YES	YES
Fund Handling?	NONE	YES	YES
Shipping charged?	NONE	Low Cost, subsidized by FCCG	35% of WHOLESALE PRICE, variable
Payment to FCCG for Order	N/A (Customers pay FCCG directly)	In Canadian Funds	In US Funds (variable exchange rate)
Profit Level	Lowest	Moderate	Highest, but variable
Overall	Least amount of work, lowest profit, guaranteed profit margin	Moderate amount of work, moderate profit, guaranteed profit margin (with exception only to occur at 1.25 exchange rate or higher)	Highest amount of work (cost of goods calculation is more work), highest <u>POSSIBLE</u> profits, variable profit margin

Are there any Minimums?

You are **NOT** required to sell a specific amount of merchandise per month or over a 3 month period. There are **NO** sales volume requirements. If you only place 1 order in a year, that is fine! You will not be “dropped” for a low sales volume, and you will only lose your right to order if FCCG decides to relinquish its wholesale rights!

The **ONLY** minimum requirement you have is on the cost of the order. To have an order shipped **directly to you**, a minimum of **\$100** (at retail cost) must be ordered. Orders **less than \$100** (at retail cost) must be **picked up at FCCG** in Fredericton, as the order will be combined with an FCCG order to save on shipping. The reason for this: World of Products has a minimum order for shipping; if an order is placed below this level, a handling fee is added and a shipping fee greater than the wholesale cost of the order is charged! It is simply too expensive to have less than \$100 (retail price) shipped. Representatives may have smaller orders shipped directly to them, if they are willing to pay the increased shipping charges.

How do I place and pay for my orders? How can my customers pay me?

Orders can be e-mailed, mailed or phoned in to FCCG. Online orders will be made available in the near future – FCCG is working to redo the website to accommodate representatives of all types.

You have 4 options for payment to FCCG for your orders: cash, cheque, money order or **Credit Card/Debit through Paypal**. All orders must be paid in **ADVANCE** – FCCG will tally your order and invoice you **BEFORE** the order is placed.

Your customers can pay you any way YOU choose. The collection of funds is completely up to you (except when you are simply making referrals – we look after everything). Cash is the best way, but if you can offer the option to use a credit card, your sales will increase! If you wish to accept credit cards, the easiest way is to set up a Paypal account. You can simply send your customer an invoice and they can pay you via debit or credit card. (FCCG can provide assistance in setting up a Paypal account, if required). Your customers don't have to have a paypal account to send money, you are the only required to have an account.

Am I an employee of FCCG? Will I receive a T4?

FCCG considers all representatives to be “good customers”. You are treated like a customer that receives a discount. You are **NOT** an employee and will **NOT** receive a T4. **YOU** are responsible for reporting any income you make on income tax.

You may want to register as a small business. It is easy to do, and is not very expensive. The advantage to this is: you get to declare the use of your home and car on your taxes! In some cases, your business “income” may actually reduce another source of income you may have! (Any representative considering registering as a business can receive help from FCCG and GIM in doing so. Our sister company, GIM, helps small business get registered, set up HST accounts, set up bookkeeping and accounting files, and does income tax returns. We will provide most of the help for free and any “time consuming” assistance would be provided at a greatly reduced rate. GIM is also working on creating a low-cost bookkeeping/accounting “cheat sheet” book for small businesses starting out).

What about Host Gifts for Home Parties?

If you choose to give a gift to the host of a home party, you have a number of options. You can purchase a kit and simply use an item from the kit as a thank you, you can give a % discount on the host's order, you can give a % discount on a single item, etc. The decision is up to you. FCCG can help you decide which option is best for you.

Is there a contract to be signed?

NO, there isn't a contract. The only thing we ask you to sign is a statement that delineates what you will receive as a representative and what you must pay.

Questions?

Contact us at (506)450-9890 or via e-mail at Lorifellowsca@yahoo.ca.