

## **Common Pitfalls vs. Transparent Solutions**

- 1. Exaggerated Counts.** Door hanger companies exaggerate counts to artificially enhance the size of your campaign.
  - **At Varga we provide our third party counts.** When you get a quote from us you also receive supporting data directly from Claritas showing where we came up with your counts.
- 2. Short Shipping.** Exclusively or in addition to exaggerating counts, a door hanger company will not print or ship the contracted quantity.
  - **At Varga we provide our third party invoices for your freight.** 1000 10pt door hangers weigh approximately 34 pounds. Upon receipt of the freight invoice we forward it on to you to confirm the weight and the subsequent price.
- 3. Distributor Dumping & Double Hanging.** Distribution is the main cost in a door hanger campaign. Supervisors and walkers have been known to throw away large quantities of product or hang multiples on doors in an attempt to lighten their load or finish early.
  - **At Varga we control the door hangers and spot check specific doors.** Varga auditors are on-site the day before the distribution begins to pick up the product and store it for the duration of the campaign. After distribution begins, we take periodic counts of the product in supervisor vehicles and time the progress of individual walkers. We also check trash cans and anywhere else door hangers might be discarded. Our auditors are trained to trail behind walkers using GPS technology and check specific doors to confirm there is only one door hanger hung. If we discover anything happening that is not above board the culpable party is identified via the GPS tracking system, photographed and their information is recorded. Then they are immediately terminated from that and all subsequent door hanger campaigns.
- 4. Part-time Auditing.** Door hanger companies will audit the campaign from the home office by means of GPS either because they do not have enough auditors to cover everyday of the campaign or the auditors are completely eliminated from the campaign to save on cost.
  - **At Varga we will provide the phone number for the auditor in-field on your campaign and you can even go for a ride-along.**

## **Distribution Statistics & Competitor Findings**

- The US covers 3.79 million square miles of area.
- It has approximately 126 million households. (Census Bureau 2006)
- Federal and state minimum wage laws determine the hourly rates for walkers.
- Walkers represent the majority of cost associated with the distribution and their cost is fairly static regardless of what company is doing the work.
- 1 **Experienced** walker can distribute approx. 1000 door hangers per day in an urban area.
- 1 Supervisor/Driver can **effectively** handle approx. 6-8 walkers and makes up a "crew."
- 1 Experienced Auditor can **effectively** audit up to 3 crews in a day.
- It takes approximately 30 people (25 walkers and 3-4 Supervisor/Drivers and 1-2 Auditors) to distribute 25,000 door hangers in a day. These 30 people make up a "team."
- 40 days of work are required for 1 team to distribute 1 million pieces. Considering weekends and time needed for travel it requires 2 teams (60 people) working approximately 20 delivery days to deliver 1 million pieces monthly.
  - 2 million door hangers monthly requires 120 people (16 Supervisors + 4 Auditors).
  - 3 million door hangers monthly requires 180 people (24 Supervisors + 6 Auditors).
  - 4 million door hangers monthly requires 240 people (32 Supervisors + 8 Auditors).
  - 5 million door hangers monthly requires 300 people (40 Supervisors + 10 Auditors).

Conclusion: It is evident that there is a lot of ground to cover nationwide and the distribution of millions of door hangers per month requires a large staff just for the distribution, not to mention the additional people needed for sales, administration, and logistics as well as several strategic locations. What we realized is that our competitors' self-admitted employee headcounts were just too low to handle the monthly capacity they were claiming. **Therefore, it is highly unlikely that they own their distribution networks not to mention employ enough people to audit and supervise every job.**