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A Holistic Look at Wholesale/Purchase Order Terms

DISCLAIMER: This outline is a general guide. Be sure to contact an attorney if you have questions or specific issues that need to be addressed.

If you have a product-based business, getting wholesale or recurring order customers can be a huge boost to business. But unlike direct to customer sales where the biggest issues are shipping, returns, and defects, there are additional considerations that come with wholesale/recurring orders that can be crucial to establish in order to help your business be successful, protect you from costs and risks, and build positive relationships with customers. We break a few of them down here.

- 1. Minimum Order.** For wholesale or recurring orders, it is good to set a minimum quantity that a wholesale or recurring order customer has to order with each delivery. This can be important to make sure the shipping and labor costs make sense for the order size. It also helps make sure you are on the same page as the customer.
- 2. Pricing.** Thinking through your wholesale pricing or pricing for recurring orders is an important step. A reduced price or discount can encourage wholesale orders or recurring customers, but you need to make sure the price you set makes sense for your business bottom line. You will also want to make sure you have language that says your price can change. We generally recommend keeping your pricing sheet separate from your terms so you can update your pricing without having to rewrite your terms.

You can also set a minimum retail price that wholesale buyers will follow. This will help with limiting the possibility of too much of a price differential between the sale price and the price the customer sets. It also helps reduce the risk of the customer offering too deep of discounts and undercutting your own sales.

- 3. Shipping.** Where you ship, how you ship, timing, who is paying for shipping, and who is liable once shipped are all crucial to not only you and your customer's bottom line, but maintaining

the relationship. Make sure your terms account for the shipping window for products, for example, “orders will be shipped within 14 days of order date.” This will allow both sides to plan accordingly.

You should also detail who is paying for the shipping so there are no surprises and who is liable for the products once shipped. Will you carry shipping insurance? Will you no longer be liable once shipped? Make sure both you and your customer are clear on this and consider these terms when choosing a shipping company.

- 4. Ordering Process.** In order to streamline the process for both you and your customer, your terms should detail out the process for placing an order with your business. In your terms, include language that states how they submit an order, any cancellation time frame, how they submit payment, and any specific terms, conditions, or requirements for their order.
- 5. Returns and Defects.** Having a clear policy regarding how customers report any defects or problems with the products and how you handle returns is key to making wholesale and recurring sales successful for your business. Usually, you want to have a timeline in which a customer can report defects, these can be a few hours or days. Then you want to decide what happens if there is a defect. Do you ship them new products and they return the defective ones? Do you reimburse them? Make sure your terms communicate this to your customer.

In conjunction with a defect policy, you should also have a return policy for both defective items and non-defective items. The policy could be that you don't accept returns at all. This is an important component to communicate or you could lose money from returns or shipping costs. Detail out how and if you accept returns, who is responsible for payment for shipping for returns, and does the customer get a refund or credit.

Next Steps:

We hope these considerations help you review, edit, or start drafting your wholesale or recurring order terms. Talk to an attorney or do some more research on wholesale terms for more information. If you are a PA business, feel free to reach out to us for help (subject to an intake process and conflicts check).

Also check out our [purchase order template](#) if you're a business with recurring direct to customer orders.