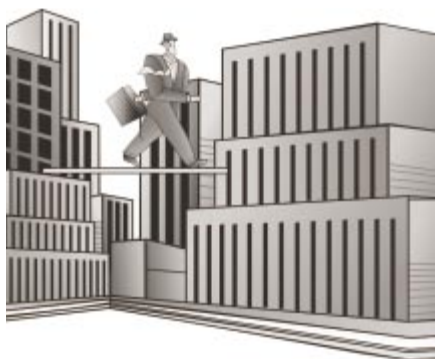

Making The Right Rep Connection



When a manufacturer of medical devices was asked if he could confidently enumerate his reasons for working so closely with independent manufacturers' representatives, he didn't hesitate for a second. In rapid succession he ticked off his concurrent desires to:

- Achieve immediate territorial coverage.
- Impact a niche market.
- Realize the benefits of synergistic sales in a cost-efficient manner.

According to Geary Havran, chairman of the board and president of NDH Medical, Inc., Tampa, Florida, the above reasons all contributed to the company's decision to cast its sales lot with independent manufacturers' representatives. According to Havran, "We serve a niche market, and we sell products to other manufacturers. While we never conducted a detailed cost analysis such as that completed by Cherry Electrical Products, we went with our back-of-the-envelope calculations that clearly indicated a direct sales force would be much too expensive. What we did was take a look at how many direct people we'd need in the field to give us the extensive coverage we're looking for. As I said, we didn't do a detailed study, all we had was our planning data for

the company. As it's worked out, we've been in business for 10 years and have been using reps the entire time."

Havran, who was the third of three manufacturers addressing the rep audience at the Keystone Conference, admits that finding reps to assist the manufacturer in meeting the needs of the niche it serves is no easy matter. "How do we find reps?" he asks. "That's the \$64-million question!" And once potential reps are located, how does the manufacturer evaluate them and what is expected from the outsourced sales force?

Havran explains that at the beginning of NDH's existence, finding reps was a lot harder than it is today. "As we've become more well known via advertising and promoting ourselves, our reputation has grown. As a result, finding reps has become easier."

Primarily, he offers that in the process of locating new reps, NDH relies heavily on direct contact with its existing reps in the field and word-of-mouth recommendations from others. "If I'm speaking with a non-competitive manufacturing colleague, for example," he says, "one who has coverage in a territory I'm interested in, I might ask for a recom-

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mendation. We're only looking for reps that can add our products to their line card and provide us with a synergistic sales effort."

Looking for the Same Approach

What this approach has done for the manufacturer is to allow it to align itself with reps that share the same approach to covering a territory that NDH espouses. "Not to sound too harsh," he says, "but those that don't share our positive goals aren't with us. If the relationship isn't there from the very beginning, it's not worth moving forward. We've mutually agreed that the fit isn't a good one."

In describing what constitutes a good "fit" between manufacturer and rep, here's what Havran maintains he's looking for.

- "Establishing a partnership with our reps is the key to the whole relationship. In order to do that, the manufacturer needs to support his reps via the necessary marketing, promotion, advertising, etc. In our industry that means making use of trade journals, attending trade shows and using our web site to reach our customers."

It's those marketing, promo-

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tion and advertising efforts that are all geared to drive business to the rep. Havran emphasizes that while those efforts remain the responsibility of the manufacturer, for the partnership to truly work, there comes a time when the rep has to take over. That happens when those aforementioned efforts generate leads for the rep. The manufacturer carefully monitors how reps perform when it comes to handling those leads.

Sending Leads to Reps

"It is our policy," he explains, "to send all leads to our reps, even if on occasion the rep may feel a lead is unqualified. We do that for a couple of reasons. In most cases the rep is the one who is closer to the customer. Given that position, he is much better positioned to make the call whether the customer has real potential or not. Second, while on the face of it, a lead may appear to be entirely unqualified, the rep may very well have another product in his port-

folio for which this customer would be ideal. So once again, getting back to the idea of a partnership, while sending the rep in there might not do us any good, it could serve the rep very well because of his synergistic sales ability. Our feeling is that if we're willing to help the rep by possibly generating business for some of his other principals, then we feel that the reverse of that concept will work for us. When the rep makes calls on behalf of his other principals, it could happen that business develops for us. This is all part of the two-way street that makes up a partnership."

- Once the partnership is established, explains Havran, then he and NDH move into the evaluation of the rep stage. "We evaluate a rep from day one. We do it personally in our own contacts with him. What we're looking for is his understanding of our industry language. Is he technologically savvy and can he conduct an intelligent conversation with us and the customer? Then we look for feedback from our customers. What do they think of the rep? How does he perform when it comes to solving their problems?"

- "Third, and finally, is that we're looking for something in our reps that may not be needed in other industries. We want and need reps that can do more than just sell products. We're looking for reps that can deliver a total answer to all of the customer's problems and questions. The rep that can provide solutions to problems means so much more to

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the customer.”

Some additional points that Havran touched on when he described how the rep needs to change from the way business was formerly conducted included:

- Technology — “Ink and a sheet of paper are gone. The rep has to know all about electronic communications and the automatic exchange of documents. In a perfect world, I would like to see reps more involved in technology than they are today. That way we would be better able to more transparently exchange considerably more information between the rep and the principals.

“In addition, on an entirely different technological plane, the rep has to be up on all the technology specifically related to our industry.

- Business Plans — “This is critical. The rep’s business plan doesn’t have to be anything fancy. But in it, he must articulate his business plan to us. We’ve found that some reps who were involved in business planning with large corporations have some familiarity with the process. But that usually involved someone else setting a target. Now it’s up to the rep himself to set the target. He must draw up his business plan and work it.”

- Opinions — “One of the very best things about working with reps is the fact we can get an independent unbiased opinion from them. They’re not working in a corporate environment where they have to worry about stepping on someone’s toes. We hope an environment has been created between rep and principals where they will provide open and honest answers to questions. Ideally, they provide a much broader perspective than we might gain internally. Even when their thoughts and opinions differ from ours, that’s what makes the relationship so much fun.” □

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