
The Successful Search For The Perfect Principal(s)



David Miller arrived at his nominations for “The Perfect Principal” as the result of a number of business, economic and logistical events that came together simultaneously. Miller, president of Whit Com Sales, Inc., Uniontown, Ohio, describes the scenario as follows:

“The past year has been very difficult for me as an agency owner. With the downturn in the economy, I have seen my agency undertake a tremendous reorganization, and one of the reasons I am still in business is that three principals who stood by me during this change were willing to work with me and stay committed to helping me.

“Two years ago, we were a multi-man agency covering Ohio, Indiana, Kentucky and western Pennsylvania. We employed four full-time outside salespeople, including me. We called on OEMs for fabricated steel components. My wife worked in the business on a part-time basis handling the business side of the agency. Today we employ only me and my wife. I handle all of the sales for Ohio and Indiana with select accounts in western Pennsylvania and Kentucky. The reason this change occurred is that two of our

largest principals went direct when their businesses started to underperform, despite the fact that we had continually grown their respective lines. These two lines represented 40 percent of our income, and the impact on overhead costs was huge for a multi-man agency.”

Miller explains that once he was faced with this challenge, “I had to make changes quickly in order to keep this company afloat. Ironically, 2004 is our 20th anniversary, and we were struggling at a time when we should have been celebrating! I went to all of our principals, laid out a plan and asked each company to stay with me until I could get the business to stabilize. Most agreed, although one said no and went with a direct salesperson.”

Here is the plan Miller outlined for his principals: “I had no choice but to let go of a salesman who was not covering his direct costs, buy out a partner who also was not covering his costs, and let go of a third person who decided that with all of these changes he wanted out of the rep business. We parted under good terms and I wished him well.

“I then went to each principal, convinced them that I could handle the remaining territory and asked that they work with me to transition this change. Three companies have done that and much, much more. In fact, each of them seems to understand the challenges that I had to face because some of them have had to make these tough decisions as well in their careers.

“No one likes to lay off or fire people, but in some cases it simply has to happen in order to survive long-term. Each of these

companies is very supportive of my efforts, works extremely well with me, and has assisted in the turnaround to the point that the agency is going to make it and possibly, by the end of the year, start to see some very positive growth again.”

While each of the manufacturers he cites are in different industries, Miller makes the point that in their dealings with reps (and, with Whit Com Sales specifically), there are many similarities in their approach.

- “Each company works with reps in other areas and has a working knowledge of what reps are, what they do, what they do

not do, and what to expect from them. This is a big factor in my consideration of a potential line, by the way. If they treat their other reps well, there is a good chance that as a newcomer to the organization they will treat me the same way.

- “Each company is well run from a management and financial perspective. For example, none of these companies are quick to ‘buy’ high sales volume business at the expense of low margins for the sake of saying their companies are in a ‘growth’ mode. They are conservative and careful, but will make business expansion plans, including equipment or software,

In April 2001, an article entitled “What is the Perfect Principal?” appeared in *Agency Sales* magazine. In that article, author Harry Abramson listed a number of attributes the perfect principal should possess. Among the attributes he cited were: respect, understanding, quality products and service, leadership, communication, integrity and a partnership mentality.

As a follow-up to that article, MANA asked members to forward recommendations of manufacturers they felt fit the description of “The Perfect Principal.” We were overwhelmed with the response. Literally, dozens of reps nominated a similar number of manufacturers who have shown them a willingness to partner in the sales and marketing effort. At the same time, these manufacturers have exhibited knowledge of what the rep in the field does, coupled with an appreciation for the challenges the rep faces. Beginning this month, we will highlight those manufacturers that have been nominated by MANA rep members. If reps reading this maintain that they remain in the search for the perfect principal, perhaps their search has ended here. We will add to this list each month.

The Perfect Principal

- **Angola Wire Products**, Angola, Indiana
Products: Welded wire subassemblies, baskets, display racks, laser cut and formed steel
- **Manth-Brownell, Inc.**, Kirkville, New York
Products: High volume screw machine, machining services and CNC
- **Specialty Screw Corporation**, Rockford, Illinois
Products: Cold Forming, non-standard engineered fasteners



David G. Miller

in order to meet market demands — assuming it is profitable to do so for the long term. Their management is not ‘reactionary’ but looks at a longer-term plan in order to be proactive and ready to respond to ever-changing market conditions.

- “Each company has professional employees involved in the sales, management and production side with years of experience in their respective fields. This suggests a low turnover of key management personnel, providing stability to the organization. This expertise also provides inestimable value to customers, and they are willing to share this expertise to solidify the rep-customer-principal relationship.
- “Each company has offered to work with me as a partner. They frequently ask for my input, comments, criticisms (where necessary), and they offer a ‘can-do’ attitude toward taking care of the customer. Further, they have shared confidential information on the company in a way to allow for my better understanding of a larger picture as it relates to issues such price increases and their di-

rect impact on profitability. This is a far cry from some other lines we have represented in the past that look at reps as ‘quote gatherers’ or ‘smoke stackers.’

- “Each company pays their commissions on time, without fail, and provides excellent documentation on shipments, paid invoices, unpaid invoices, and credit memos. The sales reporting data is also first-rate and is used in conjunction with my internal data collection systems.

“I could go on about the attributes of these companies, but let me say this: If I did not represent these companies today, it would be very difficult to represent their competitors. Needless to say, these fine companies have a greater amount of my ‘mind-share’ in my daily sales activities.”

Plan Leads to Success

What has been the result of Dave Miller’s plan coupled with the cooperation of these “perfect principals?” According to Miller, “As little as six months ago, when I was uncertain about how our agency challenges would ultimately play out, I was not ready to come to grips with the fact that our company was becoming smaller and our five-year plan had to be scrapped. Today, having put my ego aside and looking at the bigger picture, I have found that being a smaller, more nimble and

highly motivated agency is proving to be great fun again. I am back to selling, seeing customers and not spending all of my time on ‘agency/employee management’ issues such as rising healthcare costs, pensions and sales management demand.

“I became a rep to sell and to provide a network of various principals to various customers who need them even in this changing competitive economy. I can say that now I am back to that focus, and it is great fun again!”

One Manufacturer’s View

Well, that’s Dave Miller’s side of this rep-principal relationship. What do the three principals he singled out to MANA have to say about things? How do they view the relationship not only between themselves and Miller, but also between themselves and all of their reps?

First up is Manth-Brownell, Inc., Kirkville, New York, a manufacturer of precision-turned parts for diverse industries such as electronics, automotive, medical equipment, appliances, sporting goods, plumbing, communications and HVAC.

According to Wes Skinner, president of Manth-Brownell (www.manth.com), when it comes to explaining why and how his company has worked with independent manufacturers’ repre-

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representatives for two decades, he immediately cites the importance of relationships. "Many of the reps we started with came from the ranks of salesmen who worked for us. When we began business, many of our customers were located nearby, and it was easy to maintain relationships ourselves. But as they grew and began to move operations away, it became difficult for us to maintain our relationships from a distance. That's where reps came in. They had those relationships, and they could maintain them and meet the customers' needs."

With 20 years' experience under his belt, Skinner maintains that he's got a fairly good fix on what attributes reps ought to possess if they're going to make a go of it working with Manth-Brownell. "It goes without saying that reps must possess good electronic communications (e.g., computer, e-mail, etc.) skills. They must be able to pass prints by e-mail and comfortably receive attachments from customers and us. In addition, they must know and appreciate the needs of each customer. Then, they've got to know what their place is in the marketing and sales process. There are times when they should get involved and others when they shouldn't. Good reps know the difference. There is so much happening today and business transpires at such a rapid pace that it's easy for less-skilled reps to get pulled into something they shouldn't be involved with."

He cites the example of a well-informed rep who will make it a point to communicate with and educate his customers when there's a price increase. "When there's an increase in price for commodity products, for instance, the good rep will make it a point

to explain to his customers what's happening with raw materials and how that affects the price of these commodities. That's how the good rep makes himself valuable in the sales process."

If a manufacturer is lucky enough to be aligned with a rep or reps possessing some of the skills Skinner cites, there's still work to be done, however. According to the manufacturer, there are a couple of challenges that remain if the rep and principal are to work effectively and efficiently together. "Very important to the relationship," he maintains, "is the task of building the relationship between principal and rep and taking the steps that will allow the rep to fully understand us and appreciate the goals we have set. I'll be quick to say that any rep who has gotten up to speed with us has done extremely well. We've had some reps who have gone the distance with

"Perhaps we were lucky enough to have good reps early on that trained us well. But the fact is, we're all in this together."

us and retired. The ones who make it, like Dave Miller, are the ones you never want to lose."

Skinner explains that part of the process of building that relationship resides in bringing in your reps to learn what you are doing. "We bring our reps in regularly. We conduct on-site training and make it a point to complete joint sales calls with them. That's all part of the process of explaining what we do and getting feedback from them. The good reps are interested in learning all they



Wes Skinner (center), president, Manth-Brownell, Inc., works on product plans with John Hodges (left), continuous improvement manager, and George Case.

“...we are aware of the fact that communication has to flow both ways.”

can about us, and they're very responsive to what we're doing.”

Part of the feedback Skinner speaks about resides in the communication he wants and expects from his reps. “We don't want call reports,” he says, “but we do want status reports. And, having said that, our reps are great at that. We want all the feedback we can get, especially on the high-dollar accounts. We want to make sure nothing falls through the cracks.”

While flattered that he and his company had been mentioned as a “perfect principal” by one of his reps, Skinner was realistic in his reaction. “I don't know that we're any smarter than any other manufacturers. Perhaps we were lucky enough to have good reps early on that trained us well. But the fact is, we're all in this together. American manufacturers are going through something together right now. Adversity, such as we have all been facing, will produce



Ray Fager, Angola Wire Products.

a united force, and I think that's what we're seeing today. If our reps think we work well with them, it may be because they're the type of professional people who respond to our approach. We don't tell them what we're going to do; we bounce ideas off them and work out a joint strategy for the future.”

Keeping the Customer in Mind

“Here's what we're looking for in our reps,” explains Ray Fager, OEM sales manager, Angola Wire Products (www.angolawire.com). “We want reps who want to take care of the customer — just as we do. Only, they can't be taken care of at our expense. We want the customer to need us as much as we need them. We want our reps to work toward the same goal that we have.”

Simply put, Fager is looking for a partnership relationship for the Angola, Indiana-headquartered manufacturer of welded wire sub-assemblies, baskets, display racks, laser cut and formed steel.

Fager explains that Angola operates with a hybrid setup of direct salespeople and independent manufacturers' representatives. “We don't necessarily look for reps, but where we do have them, they develop their own leads and prospects and the business they develop is their own.”

Fager is the first to voice satisfaction with Angola's hybrid sales organization, especially the reps. “All of our reps do a good job for us,” he explains. But having said that, he admits a challenge does present itself when a rep fails to see what he refers to as “the big picture.”

“Let me explain it this way. What sense does it make to make

a sale where it doesn't fit our capabilities? That happens when all that someone sees is the sale and they ignore the big picture. That's something that Dave [Miller] is very good at — seeing all the details. If he goes after the sale, he sees all the details. Likewise, if a customer becomes unreasonable, Dave is quick and to-the-point when it comes to communicating with the customer. It's a fact that sometimes the customer goes too far. When that happens, Dave will simply explain that it doesn't make any sense.”

Just as most principals, Angola Wire expects accurate and timely communication from their reps, but “at the same time, we are aware of the fact that communication has to flow both ways. When it comes to what we expect from the reps, we want continued information and follow-up, especially as it applies to anything we need to know about special applications for our products. Our reps know this and they get the job done.”

For its part, Angola makes a concentrated effort to get its reps involved in the company culture. According to Fager, “We all get together during our annual national sales meeting. Dave has been to three or four now. In addition, he makes it a point to stop by the plant with customers whenever he can. He's in and out all the time, and obviously he's very comfortable and relaxed with everyone in our organization.”

When asked his reaction to being nominated as a “perfect principal,” Fager was quick to defer to his company owner's advice to “always do what makes sense.” “Dave brought us a great opportunity to work with him several years ago. It looks like we made the right decision to go with him. I don't know if that makes

us any smarter than anyone else, but the decision certainly looked like it made sense then, and it continues to make sense today.”

Creating a Focused Sales Effort

Because of its size (approximately \$17 million annually), going to market with independent manufacturers' representatives is especially attractive for Specialty Screw Corporation (www.specialtyscrew.com), Rockford, Illinois. “Our feeling is that it would be prohibitive to have direct salespeople in the field,” explains Mike LiCausi, vice president of sales. “Our market isn't that focused that we feel we'd achieve a payback with a direct sales force. By using reps, we can immediately gain a mature, experienced sales staff to cover a broad geographical territory — all while easing the financial burden on the company.”

While addressing the joint concerns of realizing increased sales and easing the financial burden, Specialty Screw has another goal when it comes to their reps, and it's a goal that points directly at one of the most valuable attributes the independent rep possesses.

“One of our greatest challenges in working with our reps,” explains LiCausi, “is to be sure they carry lines that are complementary or synergistic with our line. That's an absolute key for us. For instance, it would hardly do us any good if we signed on a rep whose specialty was fertilizer. He wouldn't be familiar with or call on the customers we serve. We always look for reps who operate in areas similar to ours and who are familiar with the applications and industries we serve. At the same time, we realize how impor-

tant it is for us to perform well for our customers and reps because if we fail with one of our rep's customers, we know that can adversely affect his other lines. As a result, we have an incentive to work closely with our reps because we want to make sure they are successful in their businesses.”

Once the manufacturer is able to get these synergistic reps lined up, Don Coffman, sales manager, explains how important it is to bring them up to speed as quickly as possible. “It's critical that reps gain a knowledge not only of our company and products, but also of how we conduct business. At the same time, we don't want reps to become so specific in their knowledge that they begin to think they know more about our business than we do. This is where communication and education are so important to us.”

LiCausi echoes Coffman's words as he explains that, “Whenever we add a new agency, we insist that their sales personnel come in here for training. And by training I don't mean just a plant tour. We had someone recently who was just two years out of college. He came in here for a half-day every day for four weeks before he walked out the door with a thorough knowledge of how we work. Once that initial training is completed, we bring reps back every year for a sales meeting and to acquaint them with anything new we've been doing.”

As a follow-up to the initial training and annual sales meetings, Specialty Screw also makes a concerted effort to involve its reps in the activities and culture of the company.

“We want them to feel as if they are a member of the team,” says Coffman. “In line with that, we're in regular communication



Russ Johansson (center), president, Don Coffman (left), sales manager and Mike LiCausi, vice president of sales for Specialty Screw Corporation.

with them. We copy them on everything important and basically treat them just as if they were an employee. Our reps know they have the freedom to walk in and out of our plant. They can speak to anyone they want, from the manufacturing process right on to sales.”

Why, or how, has Specialty Screw Company arrived at this point where they truly appreciate the value of reps? Russ Johansson, Specialty Screw's president, explains that, “We have grown this company with a heritage based on the efforts of reps. My father was a sales rep who eventually bought the company. As we have grown over our more than 50-year history, we feel that reps are truly a part of the company. They are the face for our company in the field. Without them, we have no face with our customers. The level of communication and trust we have with our reps has been the reason for our successful relations with them.” □

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