Keys To Success With Outsourced Sales

by TOM DEHART, JR.

Recently our agency, Special Metals Supply, Inc., Fremont, California, conducted a survey of more than 100 North American manufacturers' reps. Some have been in business for more than 30 years and have over \$10 million in annual sales for their principals. The question posed to them was, "What are the characteristics of your best lines, and your relationships with your principals, that have made you both successful?"

We thought that in doing this we would begin to see a pattern of common policies and business practices. We hoped to come up with a proven formula that we could share with our current principals who are underachieving, as well as for prospective principals who have had limited experience working with outsourced, commissioned reps.

You may have differing views and not agree with our conclusions and recommendations, but we feel confident that if you can incorporate these into your sales and marketing program, there is a high probability that you will be successful in your outsourced sales program. Please keep an open mind; after all, aren't we all looking for results? Here are the top 10 business practices we gathered from our survey that we feel every rep should follow.

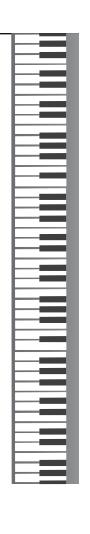
• Have a contract offering above-average commission or added "incentives" — In multiple-territory, split-commission situations, acknowledging the importance of the "design-in" rep is important. As with any businessperson, a rep is going to allocate the most time and energy on the line that will result in the highest profit while first considering the best solution for his customer.

As part of this, there should be a fair and reasonable contract recognizing exclusive territories and an equitable termination clause.

Acknowledge that sales and marketing is a "team"

- effort The principal needs to assume some responsibility and not expect the rep to be the entire sales effort. Strategies such as trade shows, advertising, effective web sites and search engine presence, telemarketing, mailings, etc., are common among the responses we got for the most successful lines.
- Treat the independent rep as a key part of your organization Include them in company functions. Make sure they get the company newsletter. Encourage them to attend training sessions at the factory along with employees. Make sure they meet and get to know the in-house people they are going to be working with.
- Provide timely paperwork and copies of internal communication concerning the reps' customers It
- is inexcusable for a rep not to be copied on quotations, P.O.s, invoices, etc. Lack of this support is probably the most common cause for a manufacturer's failure with an outside rep.
- Maintain good communication In general, this is probably the second most important key to success. The rep needs to be kept in the loop. At the same time,

...there should be a fair and reasonable contract recognizing exclusive territories and an equitable termination clause.



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agency in 1986. Tom is the founder of the Northern California/Silicon Valley chapter of MANA. Special Metals sells engineered components to the OEM market. The agency has been a member of MANA since 1973.

the rep needs to keep the principal aware of what is going on in the territory. An occasional phone call from the rep to the principal, or vice versa, doesn't cut it. With fax or e-mail, multiple people at the factory can be made aware about what is going on, particularly when there are problems that need to be addressed in a timely manner. The rep also should be kept in the loop with regard to events at the factory.

• Create a rep council — Quite a few respondents indicated their most successful lines had rep councils and included their key reps in the decision-making process. This breeds loyalty and almost makes the rep feel like a shareholder in the company. Rep coun-

cils have been a major motivator for successful reps.

- Have a membership in MANA, or other national manufacturers' rep organizations This shows commitment, professionalism, and serves as a benchmark for building a successful relationship. It is also a platform for dealing with sensitive subjects or issues.
- Have respect for a rep's time and independence A rep is not an employee. As with any independent contractor, he has a long list of responsibilities. The most successful relationships recognize that a rep has to manage his time religiously. Recognizing this, manufacturers should always consult first with a rep before scheduling time in the territory, or in any other way placing the burden of special projects or responsibilities on the rep. Keep in mind that if the rep is spending a week or a month with other lines in his territory or on special projects, he probably isn't working for you!
- Be competitive on price and lead time in a territory It goes without saying that the most successful lines are the manufacturers who follow this practice. Quality, of course, is vital, but it is also assumed nowadays. No rep is going to be able to survive for long with a line that doesn't acknowledge the rep's pricing or lead-time failures. It is up to the rep to provide timely feedback on all quotes and to do all he can to help his principals "zero-in" on the target price and lead-time ranges to allow them to capture the business. You don't always have to be the low bid, but you need to be in the ballpark.
- Understand the synergy of common lines A rep's lines need to work together. One needs to feed off the other. Reps' principals should get to know each other so they can share information about common customers and share leads. A rep with synergistic lines will be using his time much more effectively. The principals that have been very successful have actually worked to help their key reps find compatible lines.

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