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# Drawing The Line Between Communication And Call Reports

by JOSEPH W. MILLER



For more than half a century, MANA has championed the cause of multi-line, independent sales representatives by taking a firm stand against principal-mandated call reports. We continue to feel that regular reports of daily activities submitted on the manufacturer's form with entries such as "purchasing agent sick; left literature" are somewhere between counterproductive and useless. However, this position, coupled with the standard argument that regular reporting is sure to jeopardize the independent contractor relationships, has led to some misunderstandings between agents and their principals that we would like to clarify.

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## The Need for Regular Communication

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First, if you are not regularly reporting significant opportunities and problems at your key accounts to all of your principals, you are making a significant mistake in our opinion. And some of this communication has to be in writing. Everyone has too much to do today, and written communication via fax, letter or e-mail might be the only way that you can get the attention of someone who spends 50% of his/her time in meetings. More important, with "information overload," one of the key business problems to-

day, you may only be able to get the other party to do exactly what you want them to do via the written word. Not all communication can be of the written variety. Oral communication is often an enriched form of educating the listener, especially when there is no time for carefully outlined, written reports. The point is that crisp, regular and concise communication between field salespeople and the home office is absolutely essential in today's super-competitive environment. The really successful rep of the 21st century will be logging all key information from each call into his/her laptop and sharing that information with principals. The principal, in turn, will do a much more complete job of keeping the rep posted on everything that is done at the factory related to the agent's accounts. Information will be transmitted almost instantaneously because the customer wants their information that fast; and he or she writes the paycheck in the final analysis.

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An excellent example of what we're writing about comes in the form of one Midwestern rep firm that obviously believes in the written word. This agency's personnel not only communicate in writing with agency management, but this same information often goes directly to the principals. None of the agency's manufacturers demand this — agency management just believes in the practice. It also should be noted that this agency believes in sharing its written business plan with its principals.

As another example, consider the agency that sells process equipment and piping systems to the new plant construction market on a project-by-project basis. It can take a dozen sales calls and two years for this agency to get a major project order. The "decision maker" is often a committee from various departments of the end user and their consulting-engineering firm. The entire sales process is very complex and often involves multiple principals as well as assistance from agencies in other territories. The agency owner finds that the only way to keep everyone in the case up to date is through written communication. This is not mandated by the principals, but all agree that it is necessary in order to maximize the chance for booking an order.

For a moment, let's consider that your agency is in the opposite position of the aforementioned. You call on industrial distributors selling commodity products on a very short sales cycle. Is there any reason to use written communication here?

Let's also assume that the CEO of your principal is an engineer by

trade and is accustomed to viewing business in a very analytical way. He appreciates a documented case rather than casual conversation. You can call the factory and report to your sales manager that you are about 10% high on everything that closed that week in the hope that it will be communicated to the CEO and that he will believe it ("Those darn reps always say we're 10% high when they lose an order!"). Or, you can create a short, factual report and attach it to an e-mail. Which approach has the most credibility? Furthermore, which report lends itself to the precise, statistical analysis that is necessary for both your firm and the principal to determine trends in your territory and at the national level? After all, if your competitor is suddenly running amok on pricing, a strategy must be created to counteract it.

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### The IRS and the Independent Contractor

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As for the IRS and the independent contractor relationship, the old 20-point test has been replaced by an IRS training manual that counsels the IRS employee to look at behavioral control, financial control and the intent of the parties when determining what the relationship is between the two parties. It is difficult to imagine a multi-line agency, especially one choosing the corporate form, being anointed an "employee" by the IRS, just because it chose to write a timely account of happenings in the territory to its principals. This does not constitute behavioral or financial control and we (as reps) need to stop hid-

ing behind this smoke screen and communicate expertly and often with the key people at the home office of our lines.

At the same time, any manufacturer or principal who still insists on a regular, weekly call report (activity report) as a means of controlling their rep force should either stop that practice or go back to direct factory salespeople. The latter would be delighted to write any kind of report that is demanded. In the meantime, their competitor's independent rep will be communicating with his principal on important issues only — and booking orders!



#### ABOUT THE AUTHOR:

*Joe Miller is MANA's president/CEO. He has over 30 years of manufacturing and sales agency management experience, including general management experience with divisions of Fortune 500 companies as well as ownership of a successful sales agency selling process equipment and piping systems to energy-related markets. Joe most enjoys counseling with MANA members, agents and manufacturers alike, on the diverse challenges they face in today's market.*

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