
Face-Off!

Direct vs. Rep

by JOHN HASKELL

Backselling for profit is building a plan to demonstrate the superiority of reps to as many people as possible in your principal's organization.

Every rep needs to understand what backselling is and how to use it to build prosperity, stability and longevity with the key principals on his line card.

Backselling is defined as the process of selling back up the channel to the principal. The goal of backselling is to have the key personnel know and understand the approach, activities and accomplishments of the rep firm and individual representatives within the firm. Backselling should be a pro-active outreach effort carefully planned and effectively executed by the rep firm. Backselling is a vital part of the rep's annual business plan. It is the inner-directed marketing and sales plan.

With this definition in mind, we can launch an investigation of the competition between factory-direct salespeople and outsourced field sales professionals.

Direct or Rep?

It is an accepted fact of the rep business that most senior manufacturing executives will say "*direct!*" if asked, "Which is better — direct or rep sales representation?"

Even the managers at companies that have always had reps and that have been built by reps consistently favor "direct" when asked about sales quality and benefits to their company. Why? How can a company that spends millions in commissions to reps who they consider "practically part of the family" say direct is better? This just doesn't make sense.

Your best principal has just finished its best year and once again you are their best rep. Your sales have grown more than any other rep firm's sales. The gross profit on the business you write is the highest in the company. Your firm is responsible for 25% of the company's profit.

Why would managers at this company favor a direct sales force?

There are three simple answers:

- Control
- Training
- Cost

1. The Myth of Control

This is the single biggest reason for manufacturing managers and executives to think that direct is better than reps. I call it the "myth of control."

Executives think that control, share of mind, and focused attention are achieved by paying a sal-

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ary or salary plus commission or salary plus commission and bonus to a salesperson.

You, the rep, have to actively sell — that is, backsell against the control issues. You must constantly confront this myth by showing how the manufacturer “controls” you and your team by providing great sales programs, outstanding products, and substantial incentives. You are much more focused in your selling efforts for their company than a direct person would be.

How is that possible? You have 10 other lines. Yes, and the 10 other lines all work with this manufacturer’s line to build a package that is important to your customers. In the case of “synergistic-multiple-line-selling,” one plus one definitely equals three.

Getting your principals to understand this fact is a big part of backselling — one that will make you a lot of money.

2. Direct Salespeople Are Better Trained

Again, the perception is that people who draw a salary are somehow inherently better trained. How can you demonstrate that you and your personnel are as well trained or better trained than a direct salesperson?

Your backselling must be conscious. When a regional manager is in your territory arrange for him or her to sit in on a sales/training meeting at your office. Have him/her observe one of your people training the rest of the staff on a specific product in his/her line. Be sure the trainer is very good. The goal is to have the R/M say, “Wow! You guys know this product better than I do!”

Find other ways to demonstrate the quality of product knowledge and training that your rep sales team possesses. Don’t

hesitate to have factory personnel sit in on training meetings that you conduct with customer personnel. Of course, make sure that the training you deliver is as good or better than the manufacturer’s training. Take extra time with handout materials and PowerPoint presentations to make them outstanding. Don’t ever “wing it.”

3. Direct Costs Less

This just is not so. Proper accounting for all of the costs of direct personnel will usually reveal that the direct sales force is not substantially lower in cost than highly successful, fast-moving reps.

Reps only cost when they sell. This is a vital fact that needs to be back-sold to principals all the time. The rep’s compensation is directly related to his actual sales results.

Selling through reps keeps costs in line when the market declines — as revenues increase it is very easy for a company to take all the credit and think that they could create sales without the reps. It is also easy to say that a direct sales force could be just as productive as a rep force.

When times are not as good, when business is not easy to come by, on the down side of the sales curve reps are a real bargain. Again, make note of the fact that no commissions get paid until the rep makes a sale and the customer fulfills all of the terms and conditions of the sale.

This all seems very basic, but it is not. Principals need to be reminded that reps do not cost, they produce. Reps allow a company to field a bigger, better, more proactive sales force than they could ever afford on a direct basis.

Using reps allows a company

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to associate itself with known quantities in the marketplace. Through association with senior, highly respected reps, the company achieves credibility.

No Good Deed Goes Unpunished

This sad but true expression is the rule in the rep business. We know we are not paranoid — they are just out to get us.

The rep cannot say, “We are beating the goal, therefore we are

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golden with that principal.”

The rep must always say, “Someone at my principal does not understand my business. How can I make it clear to all concerned that we are of value, that we produce, and that we know what we are

doing — we are not just ‘sales-people,’ we are businesspeople representing their company.”

Bottom-line: Backsell to increase your firm’s prosperity, stability and longevity with your principals!