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# Co-Op Budget Just One Tool Supporting Rep-Manufacturer Efforts

**W**hen he's asked why one of his principals should be included in the ever-growing list of perfect principals that *Agency Sales* has been reporting on, Richard Sinclair barely takes a breath before he lists his principal's attributes.

According to Sinclair, Applied Process Equipment, Inc., Scottsdale, Arizona, his principal, SJE-Rhombus, is top of the line when it comes to:

- Avoiding negatives when dealing with reps.
- Communicating with reps.
- Being sensitive to reps' time issues.



*Richard Sinclair*

- Providing a co-op advertising and promotion budget.
- Encouraging ongoing product training.
- Supporting promotional efforts via popular handouts, such as gloves, caps, and golf balls, etc.
- Paying accurately and on time.
- Committing its policies in writing in the form of an annual marketing guide for reps that covers everything from credit applications, trade show reimbursement and warranties, etc.

And that's not all.

Sinclair notes that the Detroit Lakes, Minnesota, employee-owned manufacturer of liquid level control and electromechanical and microprocessor-based control panels is a mid- to small-sized manufacturer that works overtime to attract and hold the rep's attention. "SJE-Rhombus recognizes its position with reps and is aware of the fact that independent representatives carry other lines. As a result, when it comes to attracting and holding



*Richard Rankka, sales manager for SJE-Rhombus.*

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their reps' attention, they are very clever and intelligent.

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## Commitment to Reps

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"To begin with, through their work with reps, they have shown they are absolutely committed to a philosophy of working with reps.

***"There is a bond and a mutual dependence between the manufacturer and its reps."***

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From their beginnings about 30 years ago, they have never wavered from that method of going to market. On the rare occasion that they terminate or otherwise lose a rep, they immediately go out and look for a rep replacement. There is a bond and a mutual dependence between the manufacturer and its reps," said Sinclair.

In terms of how the manufacturer executes its "bonding" rep philosophy, Sinclair says that the road to becoming an SJE-Rhombus rep is paved with an extensive interview process. "If you're fortunate enough to become one of their reps, that in itself serves as a recommendation for you with other principals."

And once on board, he continues that "when it comes to communicating with their reps, they make a point to avoid the negatives and always emphasize the positives. Also, they don't call us every Monday morning demanding to know what went on the previous week, and what we have planned for the days ahead. Rather, they expect us to communicate with them when there's something to communicate."

Perhaps one of the best points about working with the manufacturer, according to Sinclair, is the fact that they support their rep's local advertising and promotional

efforts. "We receive an annual co-op advertising budget from them that is percentage-based on our territory size. We're allowed to use those funds at our discretion, whether it's for trade shows, dealer training, product training aids, or the specialty items they provide us. This is an ideal program because we never have to go begging for assistance with local or regional shows. We already have the funds available for whatever we think is important. It's the same thing when it comes to hosting a training session or rewarding an excellent distributor by giving everyone in their firm a nice shirt or other promotional item."

He adds that the manufacturer makes a wide variety of products available at no charge, or has them charged back to "our advertising funds as samples. They also travel in the field with us at least once a year. That's enough that it really helps us with our customers and it's not too much that it takes us away from some of our other tasks. The bottom line is the fact that they are very sensitive to our time concerns. And backing up everything they do is their excellent web site ([www.sjerhombus.com](http://www.sjerhombus.com)) which is extremely informational and supportive for both us and our customers."

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## Making the Job Easy

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Sinclair concludes that "while SJE-Rhombus may never be the number-one dollar volume principal for us, they make it so easy and enjoyable to work with them that they get an excellent level of attention and support from us."

If there is any thought that the rep-manufacturer relationship described here is only positive on the rep side, SJE-Rhombus' sales manager, Richard Rankka quickly puts that thought to rest. "When we signed our first rep back in 1978, our company's owner was virtually traveling around trying to make sales out of a Winnebago. He was in attendance at a trade show when he met a rep and learned what reps do and how they operate. That rep was signed, and today we have 24 independent agencies working with us throughout the United States and Canada." He added that the firm has divided the United States into three regions, and the company has a sales manager in charge of each one. It's that sales manager who works closely with the company's network of reps.

While admitting that the company doesn't have to find rep replacements very often, Rankka notes that MANA's Online Directory has assisted him in that area. In addition, when a replacement is needed, the company notifies its existing customers, and they will often come up with recommendations for the company.

As he evaluates existing reps and whenever the need develops for a new rep, Rankka points to two major attributes the company seeks in its independent reps. "First, a rep has to show us that he's out there constantly with his

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customers. We know in some cases a good deal of a rep's work can be done from his office, but the fact remains that he has to have relationships with people in the field. There's nothing like face-to-face contact to get the job done. And second, the rep has to exhibit an ability to pick up and be comfortable with our product knowledge. For example, with our firm and the markets we serve, there has to be an understanding of pumping. That means they have to know more than just our products. They have to know what the customer needs and be able to meet those needs."

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### Meeting the Rep Challenge

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In terms of whether there's any specific challenge to working with independent reps versus working with a direct sales force, Rankka makes a point that Sinclair has already mentioned. "We know how important it is to hold the attention of the rep. They represent a variety of lines, so it's our job to make our products as important to them as we can."

One of the ways the company holds the rep's attention is obvi-

ously through the co-op advertising and promotional budget. "While we make those funds available to our reps, we ask that they be the managers of the fund. We communicate all the aspects of the program and regularly inform them of what their balances are so they can plan ahead. In addition to the co-op program, we're very proactive when it comes to factory training. And whenever we have a new product, depending on the value of it, we'll typically see to it they get the first sample free of charge."

Then there's the subject of communication and what the manufacturer would like communicated by their reps. According to Rankka, "We don't want call reports — unless we're talking about a territory where a rep is having a problem. What we do want is information of importance dealing with a customer. We'd also like some feedback on products in the field. Occasionally, we may ask for a mini-business plan from a rep, but that's about all. In terms of what we communicate to our reps, we don't believe in over communication. Obviously we use the phone, fax and a lot of e-mail. In addition, whenever we have something

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important to let our reps know about, we have a Rep Report that can be sent out as needed — weekly, monthly or quarterly."

When asked how and why SJE-Rhombus has been able to develop such a workable relationship between itself and its rep network, Rankka points to the company's long history of success of working with reps. "They've (reps) been with us virtually since the beginning. They've worked hard on building our business and everyone in our organization realizes that fact. We've seen what they can do for us and we recognize the fact that they've done it profitably — for our firm and for them. That's why we do all that we can to make the relationship beneficial to both parties."

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One Spectrum Pointe, Suite 150, Lake Forest, CA 92630-2283 • Phone: (949) 859-4040 • Toll-free: (877) 626-2776

Fax: (949) 855-2973 • E-mail: [mana@manaonline.org](mailto:mana@manaonline.org) • Web site: [www.manaonline.org](http://www.manaonline.org)

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