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# Budgeting For Principal Relations Buys Success With Principals

by JOHN HASKELL

**Yes, you've got to spend money to make money. This is never truer than when an independent representative looks at relationships with principals.**

**I**f a rep is looking for a long-term successful relationship with key principals, he or she must spend money backselling the principal. The plan for dealing with the principal needs support. If a principal represents \$50,000–\$100,000 of commission income, what is the right amount and right way to support that relationship?

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 proactive 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.

All reps will say they spend money on principal relations. I would argue that these expenditures must be formalized in a budget and must be well thought out. Protecting and enhancing \$50,000–100,000+ in commission income deserves a real plan — not a “plan” in your head!

So what should you spend and how should you spend it?

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## Visit the Principal

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The first thing you should do is plan to visit your major principal during the fourth quarter at their place of business in order to discuss your business plan for their line for the next year. If you are reading this in the first quarter, you may want to start this part of your backselling plan by setting up an immediate visit and a fourth quarter visit. Doubling up in your first year doubles the cost, but it is worth it.

What should you do during the visit? Start before the visit. Send an e-mail requesting the visit at a mutually convenient time. Supply an agenda for the meeting with a message that the principal's personnel can add to your agenda.

Plan your time at the principal's place of business with time to visit one-on-one with key managers who deal with your firm. For example, customer service, credit, traffic and other de-

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partments should see you.

On your first visit, you will be making up for lost time. A lot of what you will do should have been done years ago. You want to make sure that each of the people you meet knows who your company is and what it is all about. The best way to accomplish this quickly and easily is with your profile and line card. You may even want to use your PowerPoint presentation with these key managers.

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### **Do Your Marketing Tools Measure Up?**

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These meetings may be one-on-one or in a group depending on the principal's preference. If you have a choice, conduct the meetings one-on-one. You are trying to create "friends at court." These are the people who can protect you from a new sales manager who wants to bring in his buddy, e.g., another rep who works your territory.

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### **Who Should Make the Trip?**

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If there are two of you as partners, then both of you should visit the major principals. It is important to wave your flag very high and very strongly.

If you have an employee who is vital to the relationship, you may want to consider bringing him or her with you.

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### **What Do You Do?**

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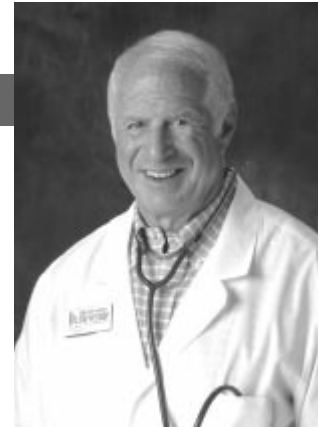
The most important thing you do is present a review of the current year and provide a view of your plan for next year.

While you are presenting a

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completed plan, you are also looking for ideas, suggestions, adjustments and changes based on the manufacturer's plans and programs.

Your plan presentation meeting should last one to one-and-a-half hours. You should have a small handout for the attendees.

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### **When You Get Home**

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After your meetings, you will have notes and action steps. To continue your backselling, immediately send e-mails to everyone involved. State who will do what. Organize the follow-up on everything that was discussed. Keep the vital items on the front burner with your principal.

Follow-up is what makes a rep firm truly professional. Handling the details is what successful backselling is all about.

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### **How Many Principals Qualify for This Treatment?**

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Any principal that provides 20 percent or more of your commis-

sion income definitely deserves this backselling treatment. It is obvious that whatever income you have, the one to five principals who represent the biggest pieces of your income must be handled in a very special way. Backselling pro-actively is the best way to protect this income stream for a long time.

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### **What Else?**

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Quarterly and monthly reports can be a very potent backselling tool. A lot depends on what the principal is looking for. Assuming that the principal does not make formal demands, you should seize the opportunity and tell the principal what he is going to receive.

Some lines demand very close monitoring and aggressive reporting. Staying ahead of your principal's demands is very important. Most reps are in react mode all the time. When a request comes from a principal, the rep moves into "scramble mode." By having a regular reporting pro-

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gram, many expensive scrambles are avoided. Often the scramble is obvious and costly to your relationship with the principal.

When you have sales managers or senior executives in your territory, make the trips memorable. You want to be well-organized with a very full agenda of customer work for the visitor. But, you also want to have the agenda full of interesting, special and memorable things to make visiting your territory a pleasure — something exciting and desirable. Backselling through taking a regional manager to a ballgame with very good seats, a special dinner,

some special local event, or any activity that you know appeals to the visitor's interests pays.

Always make sure you are doing your backselling correctly. Individual activities don't have to be expensive, but whatever it costs, by doing it right you will get real value — backselling pays!

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#### Summary

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Put your plan together. Get your program on the calendar. Study your action plan. Add up the costs of doing it right. If the cost is three percent or less of your

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commission income from that line, go for it. From three to five percent, look your plan over and adjust to get closer to three percent. □

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