



Some MANA Members Clamor For More Protection From Manufacturers

Most professionals see principals as clients and take control of their own destiny

by JOE MILLER

In the 58 years that MANA has been in business, the organization has always espoused what we like to call the MANA Partners in Profits philosophy. This does *not* mean that manufacturers and reps should share their respective bottom lines 50-50 with each other. But it does mean that both sides of the rep-principal relationship should care about each other's profits and conduct themselves accordingly.

For reps, this means a ruthless loyalty to their principals and consistent efforts to sell the principal's products at the right price and margin. It also means treating the principal like a client and doing everything possible

to exceed the client's expectations. Why? Because if our principals don't make money, we don't have lines to sell.

For manufacturers and other principals, this means adhering to what I call "rep-friendly" policies. These include policies like honoring their contracts with no attempt at unilateral changes, paying a fair rate of commission on time, investing in complete marketing support plans, taking the time to understand how a rep organization thinks and works, and a variety of other "Holy Grails" that MANA has publicized over the years.

There has always been a small percentage of MANA reps who

have felt that MANA should do more to interview, screen and educate the associate members who join the organization, and should write tougher contract guidelines that would give much more protection to the reps. Lets look at each one of these issues separately

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because, on the surface, they make a lot of sense. After all, MANA is an association of reps first, and principals only secondarily.

Screening and Interviewing Manufacturers

All that is necessary for a manufacturer or other principal to join MANA is \$299 and a signature on an application form. The form states clearly that these manufacturers agree to live by our Code of Ethics. Do they all honor that agreement? A few do not, just as a few reps that sign the Code later engage in an unethical practice. But for the most part, the reps and principals that join MANA do abide by our Code.

Why don't we screen and rate the manufacturers?

It would cost several hundred thousand dollars in staff time to screen all 800+ principals who join as associate members every year. If we did this, agent member dues would soar to \$1,000 plus. Then most members would resign because of cost. And what about the manufacturers that approach you that are not MANA members? How would we educate them? Frankly, we do that too through relationships with the National Association of Manufacturers and other trade associations of principals. But, can MANA ask all the correct questions that our regular members would ask in one of

these screening interviews? I think not. Only the individual rep firm knows what is most important in a new principal.

What would happen if a conglomerate purchased an “A” rated principal the day after they received the MANA “seal of approval” and that conglomerate had a terrible reputation among outsourced sales companies? Would they be immediately downgraded to a “C” or a “D”? What would happen if we rated a traditionally poor principal an “F” and a merger occurred with a very rep-friendly company whose management prevailed in the subsequent downsizing? Would it be fair to keep the “F” rating? What about the legal implications of a non-profit trade association inhibiting a manufacturer's ability to compete for scarce rep talent by rating one manufacturer lower than another?

No, I believe that we are better off welcoming all who sign the Code of Ethics and requiring that our members each do their own due diligence when they are approached by an associate member. We cannot educate them unless we get them in the “classroom,” and that classroom is MANA.

Educating Principals

Once we have an associate member for a year, we have at least 12 months to educate them regarding the MANA philosophy mentioned above. Many of these new associate members attend our educational seminars and hundreds of them take advantage of their telephone counseling benefit each year. In those cases, our rep members tell us they are delighted that we offer those services and that their principals

are almost always easier to deal with once they have been exposed to MANA.

Manufacturers who become associate members get educated due to exposure to *Agency Sales* magazine, MANA's other publications, the seminars and the counseling already noted.

There is one other very important way they receive education and that is from interaction with you, the rep member owners of MANA. That's right, the general membership of MANA has an obligation to help educate the principal community, too!

There are several ways you can do this:

- Take the time to chat with the prospective principal when they call or write you, even though you may not be interested in the line. Your attitude may be that of the first rep they have ever spoken to. Be an ambassador of good will for your profession.
- Explain the benefit of MANA's policies to the principal when you are requesting a contract term they are not crazy about. It's called economic justification. You do that with customers. Why not also with principals?
- And most important, refuse to sign dumb contracts. Sometimes the best lesson a principal can learn is to be turned down by several members who are businesspeople and who are smart enough to protect themselves by saying “no.”
- Finally, you can promote MANA services to these people. Encourage them to attend a MANA seminar like one of your fellow members who just sent three of his principals to our “Rep Sales Force Management” class and recently called to thank us for all we do. Or, give your principal a subscription to *Agency Sales*.

A few members have told me that they are too busy to talk to these “ignorant” principals and that’s why MANA needs to do a better job of screening and educating associate members. While I agree that we need to continue to improve both rep and manufacturer educational programs as a matter of course, we do not agree that MANA can do all of this by itself. You folks own this organization — how about putting a little effort into its success?

Better Contracts

This same small minority of members feels that the MANA “Standard Contract” does not do enough to protect reps. Well, we will tell you that we have been reading and writing rep contracts for 58 years and could write one that would guarantee that a MANA member would never be victimized by a principal. The problem is that no manufacturer would ever sign it. We could also write one that no rep in his right mind would sign.

There are several points to be made here:

- First, no standard boilerplate contract can ever be written to cover every partnership between every rep and every principal in the world. This is why there is a disclaimer on the bottom of the page. These things have to be negotiated between two reasonable parties that should care about each other’s profits.
- Second, the committee of

MANA members who wrote the current contract guidelines recognized that the language in any contract has to be fair to both parties. And that’s the way the guidelines were written. We need to walk our talk!

- And finally, commission protection legislation is the best thing we can do to protect our members from the rare, unscrupulous manufacturer, and our record of passing these statutes is excellent.

Summary

A few members feel that the association should provide fool-proof contracts for every relationship and screen and rate principals for \$229 per year. This is not only unrealistic, but also generally emanates from people who have a “victim” philosophy. These people tend to blame failures in their own poor business judgment on everyone but themselves. Victims generally go out of business, while the vast majority of the membership uses the resources provided by the association as well their own entrepreneurial skills to control their own destiny and success. The ultimate weapon is your own freedom to say “no thanks” if the deal offered to you seems unfair. There are many manufacturers standing in the wings that are willing to sign fair agreements.

Thank goodness that most of our members do not have this adversarial outlook toward the manufacturing community, and

that most manufacturers treat reps fairly. Again, “Partners in Profits” is our 58-year-old philosophy. Assume some responsibility for the success of your association and help us sell this concept. Negotiate your contracts with your principals fairly, and from the position of strength that you have earned. MANA will throw in access to legal professionals who understand the rep-principal relationship and support you in those rare cases where you are not treated fairly in return.

We’ll keep educating those who will listen that rep-friendly policies benefit their bottom lines. And for the ones that won’t listen, your due diligence and a ruthless marketplace that punishes poor manufacturing managers will protect you. Don’t be a victim — be a winner — a professional marketing and sales entrepreneur who uses all of his association’s resources and his own good business skills to make good business decisions. □



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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