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# Business Timelines Keep Focus On Reality



What has spawned the desire for instant gratification?

Is it the way fast-food restaurants have become such a part of our lives?

Is it the Internet that seems to be able to provide any and all information/  
products/services seemingly at a touch of our fingers?

Is it perhaps the fast-paced lives that we lead both personally and  
professionally that leave no room for patience?

Or, is it a combination of all of the above?

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**D**iscussion of this subject might best be left for another time. Remember, patience is a virtue. One thing for sure, however, is that there is no room for impatience or unrealistic expectations when it comes to the results a manufacturer expects from his reps in terms of developing new business. That's the clear message that comes from interviews with several manufacturers' representatives.

What also comes from those conversations is the belief that it's critical for communication on the subject to take place between manufacturer and rep before any contracts are signed. One of the purposes of such a conversation should be for the rep to educate the manufacturer as to how long it should take before business is developed in the territory. Once that's accomplished, agreement should be reached by both parties that the length of time described meets the expectations of both parties. And finally, if there is no meeting of the minds between manufacturer and rep, it's probably best not to proceed, since one side is going to have an entirely different view of a territory's potential than the other.

Three New Jersey-based manufacturers' representatives who are active in MANA's Metro New Jersey-New York Chapter have spent considerable time exchanging ideas and refining their thinking on this subject.

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### Completing Due Diligence

Before he even gets to the point of having a signed contract with a principal, Mike Kozak, Lynx Associates, Inc., Oakland, New Jersey, performs his "due diligence" with the manufacturer. In the course of performing that due diligence, he asks close to 40 questions of the prospective principal. At the end of that process he will have zeroed in on the subject of the manufacturer's expectations of the rep, the potential of the territory and how long it will take in order to develop business. Included in the questions are:

- How do you feel your product and program compare to your competitors'?
- What is the annual sales volume in the territory we are discussing? What are your company's sales?
- What is your market share now?
- What kind of growth are you planning?
- As far as representing your company, what do you expect from us? What is important to you?

- What are your company's plans over the next five years?

After questions are asked and answers offered, Kozak adds, "We'll describe how we will perform over a given period of time. For instance, at 60 days through the first six months, we'll conduct presentations and interviews with distributors. To successfully perform, we will need a formal introduction to current customers and periodic contact on an as-needed basis. At six months to two years, we will build the market. We will have developed our network of distributors and will be implementing the marketing plan. In year three, we start cranking out the sales. At the same time, you (the manufacturer) must do your part as we have discussed. That includes delivering products, performing customer-service return calls, advertising, etc."

These steps obviously lay the groundwork for jointly agreed-upon performance expectations. Kozak notes that as he has completed his list of questions, in general, "Manufacturers have been impressed by the sense that it's a two-sided process. They're impressed that I'm asking about the relationship. My experience has been that too many reps meet with the manufacturer and quickly say, 'Everything seems fine. Let's go.' My approach with manufacturers is that I basically tell them that once I start running, there's no turning back. That's why we have to get it right from the beginning. You have to complete your due diligence so that you know you have your best chance for success."



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**Michael Kozak**



***“A genuine agency does a great deal to enhance a manufacturer’s profile in the territory. In describing this process I’m showing the manufacturer how I enhance his profile and visibility.”***

**Bob Johnson**



***“Our goal as a rep is always to dignify our efforts with reality, and that’s what we strive to communicate to manufacturers.”***

**Greg Bruno**

## **Patience Is a Virtue**

Echoing Kozak’s admonition concerning due diligence, Bob Johnson maintains that “because a typical sales path has to be followed, don’t expect things to happen overnight.”

In an effort to explain his thinking on the subject of timelines, Johnson, CPMR, The Growth Partnership Co., Green Village, New Jersey, uses the analogy of baking a cake. “In general terms, when you bake a cake, the process is pretty much the same. Sure, depending upon specific ingredients, there are going to be some differences, but you follow the same process. That’s what I’ve done in terms of a timeline that manufacturers and reps ought to consider when they view the sales process.”

Johnson considers the start of that sales process to be the point when you start working with a new principal. “Remember that even getting a new principal is a considerable effort in itself. Once you agree to work together, the sales process involving customers begins. The length of time involved will vary depending upon the products and the markets you’re talking about. My goal in even constructing such a timeline, however, is to allow me to present something to a principal without having to go into too much detail explaining to him all that is involved in getting a customer.”

Part of this effort is focused on the fact that the rep should be selling his value not only to the customer, but also — and just as importantly — to the principal. “Some principals have the view,” he explains, “that they sign a contract with you and pay you a commission. The rep’s job is then to go out and look for orders, drive a nice car, stay in nice hotels, and live a good life. They wish they were in your shoes. My goal in developing such a timeline is to show them what we’re doing for them.

“A genuine agency does a great deal to enhance a manufacturer’s profile in the territory. In describing this process I’m showing the manufacturer how I enhance his profile and visibility.” A large, time-consuming part of the effort is just getting the customer’s attention. For instance, according to Johnson, a typical contact may take four or five phone calls, a number of e-mails, “and once you get their attention, you try to set up a meeting. Getting that meeting may take as long as a month and a half. Or, maybe it will be next week. It all depends upon a number of variables. But whatever the length of time, all of these stages cost us time and money. That’s the key here.

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We're earning our keep from the manufacturer from the very beginning. At the same time, we're not a bank. That's what I'm trying to communicate."

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### Well-Received Message

Johnson has explained his process to a number of manufacturers, and he's been satisfied that his message has been received. "The functions of time are universal to everyone. What we explain to our principals are the ideal timelines for developing business and getting orders that we're striving for. In general, they've all been very responsive to our approach."

If there is no level of responsiveness to such a message, manufacturers' representatives should not be afraid to walk away from a product line. That's a message that's delivered by another New Jersey rep, Greg Bruno (and other reps interviewed for this article).

According to Bruno, Midatlantic Enterprises, Inc., Pennsauken, New Jersey, "Being able to say 'no,' can be very empowering. When I say 'no,' I'm protecting me and my agency from what might be considered an infection (e.g., a bad business decision). When I refuse to represent a line, the manufacturer always has the option of contacting other reps or even hiring their own people — if they want to incur that expense."

Focusing on the subject of a timeline, Bruno explains, "Such a concept allows someone else to contemplate what reality in the marketplace is to us. Our goal as a rep is always to dignify our efforts with reality, and that's what we strive to communicate to manufacturers."

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### Focus on Expectations

Here's how a number of other reps view the subject of developing a timeline for new business and communicating their view of reality:

- A former rep turned consultant turned manufacturer has what might be considered an educated, if not enlightened, view on the subject of expectation timelines. "I spent more than 30 years as an independent electrical manufacturers' representative," explains Chuck Hopper, CEH Consulting, and Datacom Electronics, Norcross, Georgia. "Over that period of time I've learned that you must always address the subject of expectations early in the relationship between manufacturer and rep. And that's something we do today in our position as a manufacturer and supplier of structural wiring systems."

When Hopper speaks of bringing up the subject early in the relationship, he's referring to as early as the interview process. "That's such an important subject that it must appear up front. Why not ask it during your initial interview? Why even go in there for the interview unless you're prepared to ask tough questions and get answers?"

While admitting it's important for the rep, Hopper also emphasizes that it's equally important for the manufacturer. "From the start, the manufacturer has to get a fix on what the rep knows of the market, what he expects, and what the synergies are that he provides to customers in the territory. Obviously, the time before orders can appear in the pipeline will vary according to the product and the territory, but these are all subjects that had better be addressed early in the relationship."

- Admitting at the outset that "if someone has no business in the market, we're generally not interested in 'repping' them," Gene Biben, CPMR, Joseph E. Biben Sales Corp., Philadelphia, Pennsylvania, explains that if the occasion was to occur, "the first thing we'd put on the table is a marketing plan that would include the subject of expectations — including a timeline detailing when the manufacturer could expect business."

Biben notes that if the manufacturer has a different view of things, "and says he wants business to develop sooner, we won't hesitate to refuse the line."

Before walking away because of differing expectations, Biben has been known to go the extra mile with the manufacturer, however. "For example, just recently we were in contact with a manufacturer who had a new product for which there was no existing business in the territory. When I communicated with the president of the company, I let him know that we didn't have a desire to represent them. I let him know that the existing commission rate didn't make sense for either one of us. After letting us know that he was very impressed with our marketing plan, he asked what it would take for us to rep them. I countered

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that I could offer two courses of action: an advance against the business, or a retainer that he would pay us for a period of nine or 10 months. If he agreed with the latter course, we'd be sure to send him monthly data verifying our level of activity on his behalf justifying what he paid us. He went with the retainer, and after 10 months I went back to him and asked if he would do the same thing over again. His answer was a resounding 'Yes.'"

Biben continues, "I don't walk away frequently, but when I do we've been sure that it was the right decision for us — and for the manufacturer."

- Don Swibes, Swico, Inc., Hammond, Indiana, turns the conversation to some of the experiences he's had with overseas manufacturers when it comes to agreeing on a timeline for developing new business. "There are many foreign manufacturers that would like to see some immediate results — without having to incur a cost. They want quick amortization of their investment. Their belief is, 'Here's a great line, it's all new, it's great — pioneer it for us.' Our

response is, 'Pioneering will take some time — you probably won't see any results for a year or so, and it will be three years before you get back your investment. But, if everything is as great as you say it is, then you'll be willing to participate in marketing and promoting the line.'"

He explains that when he follows this approach with manufacturers, "Generally, they are taken aback. Their response is 'That's not what we thought,' or 'That's not how we see the market.' Our response is that if the line is as wonderful as you think it is and will result in business as quickly as you believe, then you shouldn't have any trouble implementing some sort of a pioneering agreement with us. If you disagree, then you shouldn't have any trouble either finding another rep to do the job or hiring your own direct salespeople.

"Sure, we've walked away from lines. Our philosophy has to be that if you don't want to assume the risk, we can't assume it for you. If they want something done, they've got to assume some of the obligation for getting it done."

- Following up on Swibes' comments related to foreign manufacturers and predicting a timeline for business, Phil Roland, president of Aquest Corp., Somers Connecticut, takes the approach that if a manufacturer "is looking for a 'miracle worker' — and they're not willing to incur any risk — then we have better things to do. If there is genuine interest, however, and the manufacturer agrees that a major missionary effort is called for, then it's going to take an investment on the part of the manufacturer. In that case, we'll need a draw, and at the end of the year he should be seeing activity, forecasts and quotes. If nothing develops then we all lose, but at least we've shared the risk."

A key to this type of approach, he adds, is the creation of a marketing plan, "which we'll put together within 90 days of signing a contract. The plan addresses the subject of a timeline for business and includes how we will perform during the first year and what we expect based on our knowledge of the territory."

- "If the manufacturer doesn't bring up the subject of a timeline, then I'd certainly do it," maintains Doug Kammerer, Kammerer Sales Co., Cincinnati, Ohio. "Naturally, the length of time it's going to take to develop orders will vary according to the product and the customers, but it's a very important consideration to speak about with the manufacturer. We've had such discussions with manufacturers in the past, and I'd be willing to walk away from a line if I didn't think

Former MANA Board Chairman Bryant Callaghan, Tri-State Marketing, Inc., Cincinnati, Ohio, maintains that any discussion of timelines and expectations is really a situation-by-situation thing. "While my approach to the subject varies, in general terms I would tell a manufacturer that if you contracted with a rep, and fairly early on you're not getting phone calls asking about whether the product can do this or that, then perhaps the relationship you've established isn't the right one for you. It's absolutely critical that early in the relationship a conversation takes place concerning how long it will take to develop business. If it doesn't take place, then the risks increase of the rep hooking up with a manufacturer and a manufacturer with a rep where there is no basis in reality."

Callaghan continues, "One of the major reasons the relationship between rep and manufacturer fails is those unrealistic expectations. To be clear here, at the very beginning I want to learn what your expectations are regarding the potential of the territory. I want to know how long you think it will take to develop business. If you disagree, then the rep shouldn't be afraid to walk away. The analogy of a marriage isn't totally inappropriate here. Sometimes things just don't work out."

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our expectations matched those of the manufacturer.”

- A solid endorsement for having that conversation concerning expectations is provided by Carl Janson, Riordan Materials Corp., Blue Bell, Pennsylvania. According to Janson, “As the rep, I won’t hesitate to initiate the conversation. Part of our reasoning is that we’re concerned about our reputation — our reputation with our principals and with our customers. We’ve been in business now for more than 50 years. As a result, before we begin anything, we need an evaluation of what this new line or product will provide for our customers. We have to be convinced that they’re going to be satisfied.

“Once that’s done, we’ll have a conversation with the manufacturer regarding his expectations, including how long he thinks it will take to begin to fill up the pipeline with product orders. I’ll admit that sometimes when we bring up the subject and offer our evaluation of how long it’s going to take to impact the market, there’s a real shock on their part. Other times, I can sense there’s a realization on their part that we actually know what we’re talking about.”

As others have already maintained, Janson offers that there can be occasions when the rep’s and the manufacturer’s views are so different that “the rep can’t be afraid to walk away.” □

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