
Trinkle To PTRA: The Times Are A-Changing

It might be a bit of a stretch to hear Copernicus and futurist Alvin Toffler mentioned in the same presentation, but that's exactly what happened — to great effect — at this year's PTRA Annual Conference in Tampa, Florida.

When former rep and current consultant/author Bob Trinkle began his presentation entitled "The Times Are A-Changing," aimed at dispelling myths that surround the rep profession, he drew upon those two figures to assist in making his points.

Trinkle, co-author with Erin Anderson of *Outsourcing the Sales Function: The Real Costs of Field Sales*, emphasized that both Toffler and Copernicus offered ideas that were well before their time. "What Toffler wrote about change in the 1970s is more applicable today than it was then," he said. "As for Copernicus, the Polish astronomer who advanced the heliocentric theory that the earth and other planets revolve around the sun, it took more than 300 years before his papers were published and accepted."

As to what these two men and their ideas have in common with manufacturers' representatives, Trinkle offered a discussion of three oft-repeated myths that plague the profession:

- The "additional channel member myth" (e.g., the rep is an added cost).
- The "break-even curve."
- The time that reps have available for "face-to-face" selling.

One of the reasons Trinkle cited for the proliferation of these myths was that very little, if anything, is taught about reps in institutions of higher learning

in this country. "In the business school of the University of Virginia, for instance, there's no mention of manufacturers' reps; but that's hardly unusual. None of the people who teach the course there have any working knowledge of reps and the functions they perform. As a result, CEOs and CFOs of major corporations will travel there and spend thousands of dollars while learning nothing about the rep function. The result is that people remain uninformed, misinformed and misled concerning the rep function. I get calls all the time from consultants who want to know about field sales, including costs, because all they know is what their textbooks in college taught them — and that was nothing."

Just as Toffler wrote years ago, however, times are changing, and right now we're in the midst of an outsourcing boom. People are doing more finite examinations of all the costs in their organizations and their

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Bob Trinkle and Duncan MacDonald discuss the myths surrounding manufacturers' reps.



Attendees laugh as Trinkle relates an all-to-familiar anecdote.

investors expect a full-cost examination and resulting full disclosures of all costs. Hence the importance of addressing and dispelling these myths.

The Additional Channel Member Myth

To make his point concerning the fallacy of this myth, Trinkle showed attendees two charts, one diagramming the myth and the other serving as an example of the “real world.” With the former, the manufacturers’ representative occupied a position between the manufacturer and the manufacturer’s sales force and the manufacturer’s distributors and dealers. More accurately, his second chart showed the rep occupying a position with (as opposed to between) the manufacturer’s sales force and his distributors and dealers.

To more accurately make his point, Trinkle cited the book, *Marketing Channels*. According to Trinkle, “This is a textbook widely viewed as the benchmark in distribution channel management. This is the leading textbook in executive and MBA education.”

One of the reasons he thought so highly of this book is gleaned from the following passage: “...For our purposes, a key question is what role an MR (manufacturers’ rep) fills. A rep is a downstream channel member, functioning as an equivalent to a company sales force. Like the ‘direct’ sales force (i.e., employed directly and solely by the manufacturer),

an MR sells to other channel members, such as wholesaler-distributors, OEMs and retailers.

“Conventions for MRs vary widely. In the United States, reps traditionally, but not always, sell a portfolio of complementary products, but give each manufacturer exclusive representations in its own product class. In this manner, a rep offers assortment to the customer while offering exclusive dealing to each manufacturer. This is an appealing combination for the customer, who enjoys one-stop shopping, and the manufacturer who faces no interbrand competition...”

Finally, Trinkle offered, “Reps are a substitute, an alternative — at no additional cost — to a direct sales organization.”

Finding the Break-Even Point

The second myth refers to that point where there is an obvious financial crossover point to change from reps to a direct sales force.

To begin a discussion of this topic, Trinkle used words that have probably been heard in the accounting offices of many manufacturers: “You should see the size of the commission checks that we just mailed out to our reps. We could pay a lot of salaries for our own captive sales force and save money.”

In answer to that type of thinking, Trinkle said, “Those words are misleading and don’t represent any

“A rep firm is the closest example a manufacturer can have of a district sales office — without having one.”

reality. They are totally inaccurate. Unfortunately, that type of thinking is still being taught today. Most academics and textbook writers never update their knowledge regarding reps and actual field sales costs.”

According to the keynote speaker, it is also “misleading to say that reps are most cost-effective at lower sales levels, and that at

higher levels a direct sales force is more efficient. When you plug in salaries, benefits, support and commissions, that’s simply not true.” Trinkle explained that in performing the math, “they mention nothing about salaries or how many salesmen they’re talking about.” He added that in the real world, administrative costs increase as sales go up. At the same time, reps are forced to face alterations on their commission schedule as sales go up. “You don’t have to have a Ph.D. to do the math on this. Let’s face it — you can calculate anything you want.”

To bolster his argument concerning the importance of considering salaries and related costs to employing a direct sales force vs. reps, Trinkle noted that there are more than 70 expenses related to running your business. For instance, consider:

- Travel and entertainment.
- Automobile expenses.
- Professional services.
- Retirement plans.
- Employee relations.

“These expenses remain, and it doesn’t make any difference if you have a direct sales force or work with reps.” The benefit of working with reps, he explained, is that the costs related to reps are carried by the rep firm — not the manufacturer.

He continued that in terms of cost, “a rep firm is the closest example a manufacturer can have of a

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district sales office — without having one.”

Finally, Trinkle explained that with reps, the rep doesn’t get paid until he sells something. “With a direct salesperson, on the other hand, you’re paying him a salary from day one. That salesman can spend a year or two getting acclimated to the territory, but he’s being paid from the very beginning. That’s a cost of sales that very few people think about. But with a rep, he’s selling from his first day in the territory — and everyone in the rep firm contributes to the selling process. All of this costs the manufacturer nothing. You won’t find any bank more friendly than that.”

Face-to-Face Selling Time

According to Trinkle, once you subtract a salesman’s weekends, sick days, vacation days, office days, etc., from the 365 days in a year, you’re left with 132 selling days annually. As a result, it’s critical that the salesman’s time be maximized in front of the customer — and that’s exactly what the rep does, certainly to a greater extent than the direct salesperson. On this point, he emphasized, “Cost per sales call can be misleading. Face-to-face time in front of the buying influence is the critical element.” To achieve that face-to-face time it’s always a goal to:

- Eliminate non-productive tasks.
- Create internal systems to handle minutiae.
- Restrict and eliminate meaningless reports.

In conclusion, Trinkle related an experience he had during the past year that involved working with a manufacturer’s CEO and CFO. “The CEO had worked his way up through the sales ranks. The CFO, on the other hand, could have used some ‘charm school’ experience. At the end of the meeting the CFO pulled me aside and showed me his shareholder’s report that described how much the company had invested in machines, equipment, etc. His point was that this was the most important thing that the company did. My comeback to him was: ‘Everything you’ve just showed me came from selling something. If there’s no selling, then there’s no plant, no paychecks, no people, etc. Nothing happens until someone sells something.’ And, for our purposes, that’s the job of the rep, and no one does it better.”

The theme of change was continued during other sessions conducted during the PTR Conference. In addition to Trinkle, other speakers at this year’s meeting included Tom Robertshaw, senior vice president, sales and strategic planning, Motion Industries, Inc., and consultant Paul Pease. □