



REPRINTED FROM

## agency sales<sup>®</sup> magazine

June 2009 • vol.39, no.06

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“CONVERSATIONS WITH REPS AND CONSULTANTS INDICATE THAT COMMUNICATION, COMMITMENT, SYNERGY AND COMPENSATION ALL SHOULD BE WEIGHED HEAVILY BEFORE THE REP DECIDES TO TAKE ON A LINE.”

# ALL THINGS CONSIDERED

## ELEMENTS OF A SUCCESSFUL REP-PRINCIPAL 'MARRIAGE'

EDITORIAL | JACK FOSTER



## JACK FOSTER

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It would be more than slightly disingenuous to suggest a manufacturer's product offering isn't a major attraction for the rep looking for the perfect addition to his line card. However, according to reps who have performed this task, there are other critical attributes to consider beyond the manufacturer's ability to build and supply a product. **Conversations with reps and consultants indicate that communication, commitment, synergy and compensation all should be weighed heavily before the rep decides to take on a line.**

For instance, when he's asked what would attract him to a manufacturer — irrespective of product offering — **Dave Miller, CPMR**, quickly says he looks at a company's reputation in the marketplace and makes sure that he learns all he can about them. He adds that before he'd take a step in the direction of 'repping' any manufacturer, he'd look for a recommendation from someone who's had experience with them.

Miller, **Whit Com Sales Inc.**, Uniontown, Ohio, acknowledges that how well a manufacturer is known in the industry is very important. "A good part of their reputation is established by their commitment to working with reps and the execution of their long-term strategy in a territory."

He points to a couple of red flags that a rep can easily see if they are considering working with a specific manufacturer. "There are some companies that regularly advertise in trade magazines for reps. The problem is that their ads crop up time and again for the very same territories. I'd question that manufacturer's commitment to both working with reps and to properly serving that territory. In contrast, my experience has been that the lines I represent — with the exception of two which are new — have been with me for more than 10 years."

If he's satisfied with the reputation a manufacturer carries, then Miller stresses the importance of being fully armed with a recommendation from others concerning the efficacy of working with them. "I'll always especially value a recommendation from another rep that has experience dealing with a manufacturer or from someone in the industry that knows them very well."

As an example, Miller recounts a fairly recent experience representing what he called a "tremendous line." "Unfortunately they were bought out by another company and despite the efforts of the sales manager on my behalf, they made a change in their representation. At the same time two of their engineers left the company to go out on their own.

"Thankfully the sales manager and I had become very good friends. As a result, we stayed in touch, and it wasn't long before I received an e-mail from him letting me know that while he couldn't do anything for me with the old company, the engineers who left could very well use my help. That's the kind of recommendation I'm speaking about. These were engineers who knew how to sell and how to work effectively with reps. That's just what I'd be looking for."

## REP HELPING REP

In a second instance, Miller recounts a recommendation he received from a fellow rep. "This non-competing rep represents my largest line in New York and New Jersey. He told me about a manufacturer that he thinks very highly of that might be looking for help in my territory."

In addition to reputation and recommendations, Miller says he also values the prospective manufacturer's past experience working with reps and whether they insist on contracts or not. He stresses that negative answers to either of the above aren't necessarily show stoppers, but they are important considerations.

And finally, before making a move in the direction of a new manufacturer, he maintains it's very important to learn why the line is open at this time. "Was the previous rep terminated? If so, why? What were the circumstances of them parting ways? Answers to those questions could very well lead to entire new line of questioning."

## STICKING POINTS

Adding to the dialog concerning what attracts a rep to a principal is **Bob Johnson, CPMR, The Growth Partnership Co.**, Green Village, New Jersey. Johnson maintains that if the principal expresses an understanding of what it takes to be successful in working with reps, then that's a real positive for him. Having stated that, he says that he continually has a feeling of frustration concerning a couple of areas.



## "IT TAKES AN INVESTMENT IN TERMS OF TIME, MONEY AND PERSONNEL TO GET THE BALL ROLLING. IT'S UNFAIR TO ASSUME THE REP WILL CARRY THIS BURDEN ALONE."

"Given the challenging economy, we're getting more and more manufacturers coming to us because they're looking to expand their business. However, I question their intent and their commitment to working with reps because of their attitudes on shared territory development fees and house accounts."

Taking first things first, Johnson notes that manufacturers are spurred by their desire to either expand existing business or establish business in an area where none existed previously. "What they fail to realize is the extent of the effort the rep would have to exert in order to create demand for their product when there was no demand before. The rep has an intimate knowledge of the territory and he knows what needs to be done to anticipate and meet the needs of customers, but nothing is immediate or automatic. It takes an investment in terms of time, money and personnel to get the ball rolling. It's unfair to assume the rep will carry this burden alone."

Then there's the matter of house accounts. "I recall my experience with one prospective manufacturer," says Johnson. "He wants to pursue the idea of having a rep in the territory, but he's faced with the prospect of doing something with his inside person who has been developing business in the territory over the last year. He doesn't want the inside person to stop doing what he's been doing, but he fails to realize how this appears to the rep. I have a feeling that manufacturers such as this simply aren't educated on the criteria needed in order to establish a relationship with a rep."

Johnson emphasizes that if these two areas of concern continue to exist, chances of the rep and manufacturer getting together are limited. However, if these areas are rectified or don't exist in the first place, all signs are positive.

### FINDING A BALANCE

Moving on from those two areas of contention, Johnson says that "Immediately upon making contact with a prospective principal, it's important for the rep to measure what he

knows of the market's needs vs. the ability of the manufacturer to meet those needs. If the balance is good and you've got a good feeling about the manufacturer's capabilities, it's certainly appropriate to move forward. Then you've got to do your best to get inside the manufacturer's head. After meeting with him and looking at his website and reading their literature, you should have a feeling one way or the other."

"It's also been important for me to determine whether the manufacturer's infrastructure is set up to accept reps. Do they have someone who will answer the phone at all times? Is their engineering staff familiar with working with reps? If the answer to these questions is yes, then the manufacturer will move up a couple of rungs in my estimation."

If that's how a manufacturer can move up in Johnson's view, then if he's inflexible and stubborn, he's going to move down. "If they're dogmatic and say, 'this is the way it is' — it's going to be a tough fit. I'm not afraid to walk away from that kind of relationship."

### BEING REP-FRIENDLY

Echoing a good deal of what Johnson referred to is **Skip Hulett, S.L. Hulett & Associates, Inc.**, Cornelius, North Carolina. According to Hulett, identifying a manufacturer's corporate philosophy as one that is rep-friendly is something that the rep had best keep in mind. "It's up to the rep to determine whether or not the manufacturer has a history of working with reps. In addition, does he have a record for building and maintaining strong working relationships with reps? How about his track record when it comes to product quality and customer service? If the rep feels certain about *these* areas, how about the chemistry that has to exist if the relationship is going to work?"

From the outset, the MANA member notes that there is much for the rep to do before he actually signs on the dotted line with a manufacturer, and he won't back away from the challenge of getting answers to questions ahead of time. "How do we get the answers to these questions?" I ask

## "THERE IS MUCH FOR THE REP TO DO BEFORE HE ACTUALLY SIGNS ON THE DOTTED LINE WITH A MANUFACTURER."

**“DON’T BE AFRAID OF GOING THROUGH THE ‘COURTING’ PROCESS. TIME IS NECESSARY TO AVOID ANY KNEE-JERK DECISIONS THAT CAN BE HARMFUL IN THE LONG TERM.”**

We’re the ones who are constantly in the field interacting with customers. We get a feel for what their needs are. If we feel the manufacturer can’t meet those needs, we’re not going to represent them. I’m very straightforward in my approach — I simply ask a question and wait for a response from the manufacturer.”

**COMMUNICATION IS THE KEY**

When he was asked about his thoughts on what should be important to the rep as he views prospective manufacturers, consultant **Bill Heyden** came up with a virtual grocery list of considerations — many of which could fall under the heading of communication. For instance, Heyden, owner of **Heyden Training**, Naperville, Illinois, maintains that in order to attract top-quality reps, a manufacturer must have “well-communicated goals, expectations, systems. He must understand and communicate his own goals, strategies and processes.” He doesn’t stop there, however, as he lists a number of other considerations — exclusive of product offering — that the rep had better pay attention to. For instance, “Key elements aside from depth, breadth and quality of products are:

- ▣ Regularly scheduled meetings to communicate policies and procedures, incentives, marketing programs, etc.
- ▣ Manufacturer willingness to listen demonstrated by asking for and using rep input.
- ▣ Rep support services equal to those routinely provided to direct sales.
- ▣ Information sharing.
- ▣ Database inclusion.
- ▣ Designated internal contacts.
- ▣ Knowledgeable and responsive customer service department.
- ▣ Training on product and programs – (this should be augmented by rep firms to meet specific rep firm goals, markets, etc.).
- ▣ Other training – Manufacturers respect and appreciate individual rep firms that support their people with programs such as training and do not totally rely on the manufacturer. If this happens, there can be a sharing of resources, which is the best situation.

- ▣ Agreed-upon expectation of the percentage of rep time required to represent manufacturer.
- ▣ Agreed-upon levels of manufacturer-competitor representation.
- ▣ Solid manufacturer record of delivery.
- ▣ Manufacturer application engineers.
- ▣ Solid market position with a minimum of 20% growth goals.
- ▣ Manufacturer that understands the value of the end-user.
- ▣ Manufacturer that understands the difference between quality and value.
- ▣ Lengthy tenure of manufacturer sales, engineers, and product development people.
- ▣ Solid channel relationships.
- ▣ Wide distribution.
- ▣ The manufacturer makes promises and keeps them.
- ▣ Customer-driven vs. engineering-driven manufacturing.
- ▣ Annual reinvestment in new product and/or existing product upgrades – minimum of 7%.
- ▣ Evaluation measures and tools.
- ▣ Solid financials.”

Heyden continues by noting the obvious: “The manufacturer’s product offering is important only as it blends with the full package that the rep is selling. If a company has a broad and deep enough product offering, then the rep will never be forced to say that which he hates: ‘I can’t do that.’ If he’s picked his manufacturers carefully, he’ll always be there to be the customers’ solution provider.”

Finally, Heyden urges reps not to be hasty when they make their manufacturer selections. “Don’t be afraid of going through the ‘courting’ process. Time is necessary to avoid any knee-jerk decisions that can be harmful in the long term.”

Heyden specializes in increasing the performance of sales professionals. He has been a salesperson, sales manager, trainer, and global sales training manager for two Fortune 500 organizations. Before starting his business, he was global sales training manager for a leading global manufacturer of electrical, electronic, and network communications products.



### THERE'S MUCH MORE THAN PRODUCT

And finally **Hank Bergson**, president, **Henry Bergson Assocs., LLC**, Katonah, New York, who spent time on the manufacturer's side of the desk prior to serving as the president of NEMRA for more than 20 years, readily observes that the rep has to keep his eyes open to much more than just a desired product offering.

"There are a number of questions that must be asked and answered from the get-go:

- What are the manufacturer's expectations? What does the manufacturer hope to achieve with the rep and in the territory?
- Do I as a rep possess the proper skill sets required to profitably sell this line?
- Is this line synergistic with my other lines?
- Will it be necessary for me to incur an additional cost of selling in order to sell this product? Will I have to hire additional personnel — a specialist? A spec person?
- Will I have to warehouse the product?
- What is the manufacturer's reputation in the territory?
- Am I the point of order entry or is he?
- When I take over the line, will there be any residual business? Can I hit the ground running and earn commissions right away, or do I have to establish the business in the territory?
- Is there any guarantee that I can retain this product long enough to make a profit?
- What happens to me if this product is taken over by another company?
- What's this manufacturer's track record for dealing with reps? Does he and/or his regional manager know how to work with reps?
- And finally, there's the question of compensation. Is the compensation fair? Is the percentage of commission sufficient enough to guarantee ROI?"

Once these questions are answered, Bergson maintains, the job still isn't done. "It's important that *if* the manufacturer

*doesn't* belong to MANA or an industry-specific rep association, that he at least contacts the association in an effort to get to know what reps are and to learn how they work. Along with that, has he familiarized his regional manager and other people with the rep associations? Has he trained his people who will interact with reps?"

The importance of this latter step is emphasized by Bergson given his experience working with "Some big-name manufacturers who come and simply say, 'Now, we want to begin working with reps.' The problem is they haven't got a clue. They move ahead, hire a bunch of reps, the reps jump at the opportunity because there's money to be made, and before you know it, there's a horrible mess. It's not unusual that you'll have manufacturers such as these run through three or four rep agencies before they find the one that truly works well for them. All of this could have been eliminated if they had just taken the time at the outset to learn how to motivate and work well with reps."

Problems such as the above take place, according to Bergson, because "Working with reps is a unique process — perhaps it's a little bit like trying to herd cats. Some manufacturers do it extremely well, but there are others who have difficulty coming to terms with the fact that they don't have command and control over their outside sales force. Remember, independent manufacturers' representatives are just that — independent, hence the fact that they can't necessarily be commanded and controlled.

"At the end of the day, it's those manufacturers who don't realize exactly what reps are and how they work who will cut commissions and/or otherwise mess up territories. They fail to realize that reps are their very lifeblood. At the same time, it's up to the rep to recognize those manufacturers who *do* know what reps are and realize their position in the market."

He concludes, "All of these considerations are important for the rep, and they're *more important* than the product itself." ■

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