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# Successfully Managing A Rep-Principal Business Relationship

by PAUL PEASE

About 15 years ago, a manufacturers' representative and his top principal were arguing vehemently during lunch. They went at it for 15 minutes, each determined to keep their respective ground in the argument — neither giving an inch. What was amazing about this argument was that if either one of them had paused for 10 seconds to listen, they would have discovered that they were actually in agreement. Somewhat reminiscent of the line in *Pulp Fiction*: “Are you listening to me or just waiting [for your opportunity] to talk?”

**T**he problem wasn't just limited to their egos “waiting to talk.” The problem was they were arguing before they started talking (or not listening). All the old baggage of things past gone wrong was brought to the table before they ever said “hello.”

So it is with conflict in the work environment — and nothing stirs up the passions of disagreement more than a good spat between the home office and field sales. And if field sales just happens to be an independent sales force, all the more volatile the mix. How does it get to this? How do we find a better way to handle the business relationship?

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## Causes of Conflict

Mistrust, mistrust, mistrust. Basically, nobody believes that the other person is doing what “they are supposed to be doing” in terms of their business arrangement. The factories think salespeople are using their creative energy to line up a putt while the salespeople think factory personnel are using their creative energy to stretch their lunch break.

From a factory standpoint, “they” (aka, the rep salesforce):

- **Are paid too much.** Managing an account after the order is easy. No work is done by the rep on orders that fall from the sky and land in their territory. And their check is bigger than mine.
- **Are not responsive.** We ask for forecasts, lost business reports, market trends, lead follow-up status, and major project/account updates and get nothing. We can't produce new products for the market, justify

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advertising/marketing monies spent, or do our part in helping develop the territory without input on what is going on in the territory.

- **Are not developing new accounts.** They are sitting back, counting their money from their one, old tired customer, and riding into the sunset. The representative is three years from retirement and could care less about developing new business or championing our cause in the territory. We don't get a fair share of their time and are not sure of their strategic business direction or if we even matter to them.
- **Do not respect or understand the hard work and challenge of developing a product and running a manufacturing plant.**

From a representative standpoint, "they" (aka, the factory):

- **Don't value the time we put in developing business, lost orders, factory errors, keeping the factory and customer "out of trouble,"** and doing the extra things it takes to keep a business deal together. And in the midst of all these customer-factory issues we have to deal with competition and economic volatility.
- **Are not responsive.** When we have customer issues, "they" hide behind voice mail. When we are developing the trust relationship of a new prospect, there is no urgency on the part of the manufacturer to respond to requests for samples, quotes or applications support.
- **Are not developing new products.** They are sitting back, counting on this one, old product to be their ticket to retirement. The manager is three years from retirement and could care less about developing new products or championing our cause at the factory.
- **Do not respect or understand the hard work and**

*challenge of developing a territory and running a sales agency.*

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### What's the Fix?

Typically the fix has been the dissolution of the business relationship, either through passive-aggressive behavior, or exercising the contract termination clause. Hardly a fix. Or, the fix from an association standpoint has been to run seminars and workshops with the parties — the manufacturers and the representatives — separately. There has been an occasional attempt by various groups to get both rep and manufacturer in the same room, but only as a part of a program, not **the** program.

Until now. Starting this month, MANA will be hosting a series of half-day, open-panel discussions that are focused entirely on constructively mixing it up — the objective being that after mixing it up, the result is a better, more mutually profitable business relationship. The panels will consist of two to three representatives and two to three manufacturers discussing and sharing their successes and failures. There will be three topic areas (listed below) and time for audience Q and A for each topic.

These panel discussions will include the particularly volatile topics of:

1. **Commissions**
  - o What is fair, what isn't?
  - o How are commissions earned?
  - o What works from a representative's perspective?
  - o What works from a manufacturer's perspective?
2. **Information Flow**
  - o What is important to whom?
  - o Why is it important?
  - o How does information flow mutually benefit the relationship?
  - o How do we both achieve our information-flow objectives?
3. **Managing Expectations in the Relationship**
  - o What is our job?
  - o How do I know you are doing your job?
  - o What are we doing strategically as a team to mutually succeed?
  - o Respecting each other's not-so-apparent efforts.

Find out what the fix is by attending one of these panel discussions. Bring a rep/ bring a principal and come to the event prepared to listen, learn, and then to take action. □

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**ABOUT THE AUTHOR:**

*Paul Pease is a sales trainer and consultant specializing in rep-principal sales and relationships. He is a 20-year rep veteran and MANA member. Paul's business emphasis is profitable revenue growth through customized programs. He is an instructor for the UCLA Business Extension Custom Corporate Programs. Paul has published two business books, Words to Action and Building a Small Blue Chip Business, and was the selected co-author with Indianapolis 500 racing legend Bobby Unser on the business and career success book Winners Are Driven. He may be contacted via his web site: [www.Speakpease.com](http://www.Speakpease.com), or toll-free at (877) 220-7900.*

