



Rep Strives To Keep Time On His Side

Experienced manufacturers' representatives easily can poke holes in the purported wisdom contained in one of the Rolling Stones' biggest hits. When Mick Jagger and the gang sing, "Time is on my side....," reps know that's not always how it works.

In the case of reps, the "time" we're referring to is the timeframe between a rep assuming a line to the point when orders begin filling the pipeline and, hopefully, the rep receives a check in the mail for his efforts. Reps know that this often-lengthy period of time is the cause of impatience on the part of principals who are straining at the bit to get new business. At the same time, it puts considerable financial pressure on the rep as they invest time, money and effort in developing relationships with prospective customers.

Strictly from the perspective of principals, there isn't always a clear understanding of why reps can't generate business at a faster pace.

- Isn't that what reps do best?
- Don't they hit the ground running and provide manufacturers with an immediate presence in the territory?
- Don't they have the contacts that result in immediate orders?
- Don't they want orders right away so they can earn commissions faster?

One rep who has clearly identified this disconnect between principals and reps has decided to do something about it. And, in addition to communicating to principals some important realities of the marketplace, he's also striving to enhance the partnership between principals and reps.

Time Is the New Currency

For Bob Johnson, CPMR, "Time equals money. Time is the new currency."

That's the crux of the message Johnson, The Growth Partnership Company, Green Village, New Jersey, is striving to deliver to manufacturers. A key ingredient of that message is a timeline that he's developed in order to show manufacturers exactly how much time and effort the rep can expend before the first order is placed and the first commission check is generated.

It should come as no surprise to other reps that it's important to develop and deliver this message. Before this communication can be delivered, however, "It's just as important for manufacturers, customers and reps to acknowledge the fact that a 'quality equation' must exist among the parties." Here's how Johnson describes this "quality equation": "A type of partnership exists between the principal and the rep and the customer. To begin with, the customer must establish and communicate what his criteria are. It's up to the manufacturers' representa-

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tive to communicate the existence of those criteria to the manufacturer and then let the customer know what the manufacturer's abilities are in terms of meeting those criteria. Normally, important considerations are quality products/services, ability to quote promptly, meet delivery requirements, post-sale service, and the existence of good communication."

It's only after the importance of this equation is acknowledged, he continued, that certain dynamics fall into place that allow business to progress between the involved parties. But, Johnson emphasized, "it takes time for business to develop." As an example, the rep cited what he's experienced over the years, and it's a scenario familiar to most reps. "Before I opened my own agency, I was both a customer and a manufacturer. As a result, I understood what the needs of both were. As I began looking at relationships through the rep window, however, I realized I didn't fully understand what the rep has to contend with."

Pay for Performance

He continues that he appreciates the fact that the rep doesn't get paid a commission until the manufacturer gets paid by the customer. Here's where it starts getting hard for the rep, and this is something Johnson feels has to be communicated to the manufacturer. "I'll start working with a prospect and go through the entire process described in the timeline I put together. I'll put in a lot of time with no income. Then to delay things even further, at some point the customer may say, 'We need to make an adjustment here.' While what the customer wants may be fairly simple, it may result in a couple of weeks' effort on my part. What that does is to keep you in the sales cycle. You're still dealing with the customer and expending your time — and by the way, the manufacturer hasn't really been called upon to do anything yet."

Finally, the sales cycle ends, according to Johnson, and the rep is able to hand off the baton to the manufacturer — and remember, the rep hasn't been paid yet. "Now it's time for the manufacturer to perform on the quotation. He has to gather all the data necessary and begin doing something. This is critical

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because this is the manufacturer’s first opportunity to show the customer just how good he can be. Once the manufacturer performs, then it’s up to the rep to get the order. The order might take two days or months depending upon the circumstances.

“If we’re successful in getting the order, the manufacturer has to build the product. The customer’s focus now turns to delivery dates. If the promised date isn’t met, it adversely affects the customer’s planning.”

Johnson emphasizes how important it is for the rep to be firmly entrenched in the communication loop at each step in this process — once again, even though he hasn’t been paid yet. “It’s up to the rep to ensure that the customer is connected to the manufacturer to make sure we’re on track and to alert each side to anything that may be coming up in the future.”

Finally, delivery is made, and the rep is still in the loop regarding matters such as quality of the product, packaging, service, etc. “At long last, there is the payment period by the customer. When is payment made? Is it 30, 45, 60 days? None of those periods is unusual. Invoicing is closed and the manufacturer pays the rep. Some pay right away, and other times it’s several weeks before the rep finds the check in the mailbox.”

Purpose of the Timeframe

As Johnson has worked to communicate this message to manufacturers, he’s asked two questions:

- How do manufacturers react to his communication?
- Ultimately, what does he expect as a result of educating his principals to the timeline he’s created?

On the first question, he admits manufacturer reactions have been mixed. “I’ve only recently committed my message to writing,” he explains. “When I’ve verbally communicated it, I think there was a lack of understanding. Perhaps there was a little bit of skepticism. With some manufacturers I think they kind of understood what I was saying, but they felt it wasn’t that important, and they wanted to move on to something else.”

“When I put this down on paper, however, they tended to get their arms around it a little better. Sure, there’s still a level of skepticism, but they begin to appreciate the fact that there is time involved in what the rep does and events can occur that affect the timeline.”

As to what he expects or wants as a result of his timeline communication, Johnson is quick to point to a couple of things. “The first thing I’m trying to accomplish here,” he explains, “is to have the manufacturer gain a true and accurate understanding of what we both go through as a team. If I accomplish nothing else, then they will have a much better picture of what it takes to achieve an impact in the marketplace.”

“Second, it’s important that there be a clear understanding that historically the rep has been required to bear the financial burden for what are ‘pioneering’ efforts. I know this is the profession we’ve chosen for ourselves, and in the past the understanding is that we are paid only when we make the sale. However, reps have become lending institutions. I realize that part of what we loan is our time, but time is currency.”

Payment Along the Way

“As I see it, there are three opportunities when a rep could receive part of his commission — at the time the order is placed, upon shipment or at the time

On page 9 is a typical timeline a rep could encounter in the course of developing business for a new line. Johnson emphasized, “This timeline concept is only offered as a guideline and is not meant to represent all situations or product lines an agency may have. The document represents both timeframes and events that can be adjusted depending upon individual situations. That is, more or less time may be allotted for a given event and/or to add or subtract events that fit unique situations. Also, the timeline as seen here takes the middle ground for payment of commissions to the agency. Payments are made to the agent from the principal at the time of invoicing the client. Other options are payment of commissions at the time of order or after the principal receives payment from the customer. Each of these methods will change the timeline payment to the agency.”

Timeline Cycle

To Generate Business After Agreement is Signed

Typical Time (*)	Event	Typical Time (*)	Event
1. 1-4 Weeks	— Learn the line and capabilities of the principal. (Signed agent/principal agreement has been executed)	4. 1-2 Weeks	— Send catalog and/or additional correspondence that specifically addresses their interest and needs.
2. 2-3 Weeks	— Identify potential customer(s). <ul style="list-style-type: none"> • Research their product and company profile and determine if the prospect is a likely candidate. • If prospect falls within the scope of the agency's product and service offerings proceed to gather contact information and prepare to make initial call. • If there is no fit, remove prospect's name from target list. 	5. 1-3 Weeks	— Follow-up call to verify receipt of information sent and to further identify RFQ opportunity.
	<p>Note: Prospect names received directly from the principal:</p> <ul style="list-style-type: none"> • If leads are qualified and requirements or interest exist proceed to #3, or • Are they prospects without identified interests, then more research may be necessary before contacting? 	6. 1-3 Months	— Personal visit to introduce and assess. <ul style="list-style-type: none"> • Make in-person sales presentation whenever possible. Provide additional information that may clearly focus on prospect's interest and needs.
3. 1-4 Weeks	— Initial contact, begin relationship building by: <ul style="list-style-type: none"> • Phone — prospect, several attempts may be necessary. • E-mail or mailed letter — state reason for your correspondence and close with a call to action by stating that you will be giving them a follow-up phone call on a specific date or date range. • Upon contact, evaluate prospect's interest. Provide additional information, if required. Determine viability and if a personal visit would be beneficial. If prospect is not viable, close. 	7. 1-6 Months	— Obtain RFQ or go back to #3 and repeat call. <ul style="list-style-type: none"> • Upon receipt verify data and specs provided by prospect. If complete, send to principal for cost estimation, if not go back to #5 and request additional information or corrected data.
		8. 1 day-1 Week	— Forward RFQ to principal for review , validation of specifications and written bid proposal.
		9. 1-4 Weeks	— Quote sent to customer with copy to agent.
		10. 4 Weeks-1 Year	— Confirm receipt of quote — wait for feedback. Solicit for purchase order, re-bid if necessary going back to # 8. Get P.O. & proceed.
		11. 1-2 Days	— Order entry and acknowledgement.
		12. 1-4 Months	— Lead-time to produce and ship.
		13. 1-7 days	— Principal to invoice customer.
		14. 1-4 Weeks	— Payment to representative from principal on invoice.

Time Summary:

Typical Time (*):

25-130 weeks

5.25 month-32.5 months or (2.7 years)

(use 7 days per week and 28 days as an average per month)

when the payment is received by the manufacturer. Perhaps partial commission payments might be made — either a third or half at a given time. I'm sure reps would feel very positive to this type of approach, and some of the manufacturers I've spoken with have begun to see how this would recognize the rep for the effort he's making along the way."

Returning to the theme of this article, which is enhancing the relationship between manufacturer and rep, Johnson concludes, "If nothing else the com-

munication of this information should result in an understanding of how the manufacturer and the rep work, and how they work together. If I can communicate certain elements of the sales process to manufacturers, it can only assist in articulating the fact that we're truly a team — a partnership. We're not employed by or with each other; rather we are a joint partnership acting as a unit. When we understand this relationship better, we truly become interdependent. That's what I'm pointing to." □

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