

EDITORIAL | JACK FOSTER

OVERCOMING ROADBLOCKS

Effective Tips and Tools for Reps

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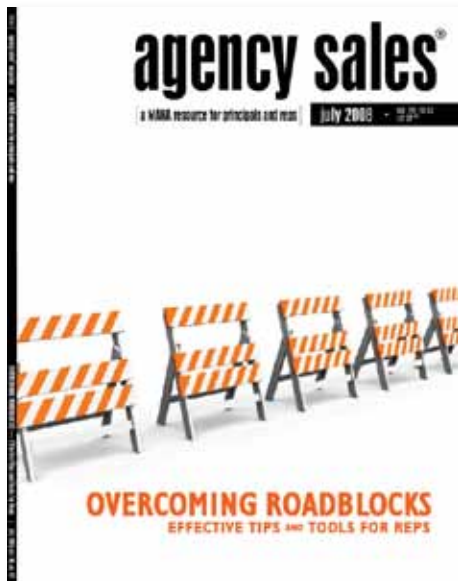
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16A Journey, Suite 200
Aliso Viejo, CA 92656-3317

toll-free 877-626-2776
local calls 949-859-4040
fax 949-855-2973

MANAonline.org

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EFFECTIVE TIPS AND TOOLS FOR REPS



JACK FOSTER

Jack Foster, president of Foster Communications, is the editor of **Agency Sales Magazine**. In addition to his duties in working with MANA, Jack writes for several other major marketing publications. His experience in publishing includes writing, editing, photography, production and printing. This, combined with Jack's understanding of the independent sales rep function, can provide the winning formula for your communication needs. Email: jfoster@manaonline.org.

Ask any rep, “What’s the greatest business challenge you face today?” and chances are you’ll receive as many different answers as the number of reps you ask. At least that was the case when **Agency Sales Magazine** asked reps how they were negotiating their way through today’s challenging business climate.

As a starting point, consider a presentation that was a highlight of this year’s **Keystone Conference** in Baltimore, Maryland. During a panel discussion moderated by the presidents of the three sponsoring rep associations, the following areas of concern were addressed:

- ✦ **Reduced Commission and Compensation**
- ✦ **The Rising Costs of Conducting Business**
- ✦ **Increased Demands Coupled with Less Support from Manufacturers**

Referred to by **MANA’s Bryan Shirley** as the “triple crown challenge,” this subject opened Keystone’s conversation on the challenges that reps face today.

At the outset of the discussion, Shirley reminded attendees that today’s manufacturer CEO probably ascended the corporate ladder beginning on the finance side — “That’s why you’re under so much pressure today.” Adding to that pressure, he says, is the fact that so much wasteful activity (e.g., reporting) is required by reps’ principals.

“Your manufacturers believe that the more reporting you do, the greater the mindshare they’ll achieve with you. As they continue that thinking, they believe greater mindshare will result in increased sales. That’s simply not the case. All of the mindless reporting takes you away from selling — and that’s what reps are supposed to be doing.”

Shirley recalls one instance from his personal rep career where, in the midst of a sales activity report to a principal, he inserted, “If anyone is actually reading this report, please call my cell phone right now.” The next month when he failed to send in the report and was questioned about it, he pointed out to the sales manager that no one ever called him on his cell phone.

Supporting Shirley’s view that there are too many wasteful activities taking place between reps and their principals, **Hank Bergson** of **NEMRA** informed the conference of a two-year effort NEMRA has undertaken between its reps and manufacturers in order to eliminate waste in the relationship. “We’ve taken a close look at a number of stupid things

we do that cost money and make you report on ‘stuff’ rather than working in the territory to gain and retain customers and sell products. What we’ve done is actually speak with our manufacturers and say, ‘You have me performing tasks that provide neither of us with a benefit. As a result, I have to take on additional lines to make up for the income I lose because I’m not out in the field selling. If we eliminate these activities, I wouldn’t have to do that.’ It all comes down to taking out the waste and operating in a lean environment.”

In addition to the thoughts offered on this subject by the association executives, attendees had their own thoughts on the triple crown challenge:

- ✦ The importance of gaining favorable contracts is one way to protect against declining commissions, according to one rep. “We make sure we have an attorney carefully review our contracts with principals before signing. It’s in those new contracts that we make every effort to achieve higher commissions.”
- ✦ Another attendee suggested buying and reselling products as a way to combat the declining profit scenario. “We’ve been able to make 25% on sales vs. the traditional industry rate of 15%. We don’t even take title to the products — we simply drop ship.”
- ✦ There appeared to be universal approval for reps to cast a very careful eye in the direction of pioneering work. One rep offered, “Unless we can gain much higher commission rates for pioneering work, we steer clear of it. We’re not going to be doing something for nothing.”

Mergers, Acquisitions and/or Consolidations

When any of these events occur, a few questions have to be answered in their wake:

- ✦ If the merger/acquisition/consolidation activity occurs at the rep level and problems evolve with competing lines, is it your agency’s problem, or your customer’s problem?
- ✦ Who is going to solve the problem?
- ✦ If it happens on the manufacturing side, what can the rep firm do to solve the problem?

“All of the mindless reporting takes you away from selling — and that’s what reps are supposed to be doing.”



PHOTO, LEFT

Participants in the **Keystone Conference** presentation devoted to exploring the challenges that reps face today included (L TO R):

Alison Cody, Executive Director, MAFSI · Atlanta, Georgia
Bryan Shirley, President/CEO, MANA · Lake Forest, California
Hank Bergson, President/CEO, NEMRA · Tarrytown, New York

PHOTO, LOWER LEFT

Nicki Weiss, Sa1esWise, and **Jerry Leth**, MANA, wrap up a well-attended presentation.

PHOTO, LOWER CENTER

Conference attendees participate in Dr. Jerry Teplitz' interactive presentation on techniques for increasing energy levels.

PHOTO, LOWER RIGHT

Dr. Jerry Teplitz addresses a captive General Session audience.





One immediate response from the audience is that it would be wise for the agency to diversify its product offering in order to protect itself against any contingency.

Noting that it's impossible to turn back the tide, NEMRA's Bergson pointed out that his association publishes a guideline that addresses the subject of avoiding line conflict. It covers many of the steps a rep should take to mitigate problems.

In the discussion that followed the introduction of this subject, it was suggested that the best precaution a rep should take to avoid problems in the future is "an ounce of prevention." By saying that, one attendee urged reps to look to their contracts to provide the type of protection they ultimately will need in the event of possible future conflicts. "Going in, make sure you have a clause in your contract that protects you when conflicts arise. Protect yourself well in advance of the hammer striking. The contract will serve as an insurance policy and give you a cushion of protection prior to any merger/acquisition/consolidation activity."

Finding and Keeping Qualified Sales Reps and Staff

The panel agreed that Sales remains the most difficult job to fill not only in the United States, but in the world. Couple that with the fact that there are a whole lot less second-generation reps today and, in general, it's just difficult to find good people. Rep firms have a definite problem on their hands. As partial solutions, and certainly not remedies, the panel urged Keystone attendees to keep in mind that when

hiring younger generations, "They love feedback and are attracted to continued education. Add to that the benefits to be realized from MRERF's CPMR education program and you might be on your way toward attracting younger people to your firms."

Reinforcing input from the **Keystone Conference**, a number of other reps were more than happy to share their concerns in interviews with **Agency Sales**. The constant need to drive home the value of reps to principals is something that occupies **Jim Giarratana's** time. Giarratana, **Resource Reps, LLC**, Myrtle Beach, South Carolina, maintains, "It's important for the rep to let his principals know about the inherent value in working with reps. I've done that, and overall I've found a fairly receptive audience to this message — it's not only important to *work* with reps but to *maintain relationships* over a period of time."

Karl Miller, who's been a rep on his own for more than seven years, maintains that perhaps the greatest challenge he faces is having the people he makes appointments with actually show up for the appointment. According to Miller, **DIME**, Memphis, Tennessee, "Whether it's purchasing or maintenance people, I'm finding more and more of them aren't available when it comes time to see me. I basically set up my appointments a week in advance and then call a couple of days prior to the meeting. It's not uncommon that when I confirm, they tell me something has come up or their boss has told them something else is now a priority. I know they can't help it, but it's frustrating when it happens." He continues that often the shoe can wind up on the other foot. "When a customer has a need to see me right away, naturally, just as any other rep, I will make every effort to take care of them. But sometimes it's not always possible, and they have to wait their turn."

Being relatively fresh out of the gate as a rep, **Rene Cooper, PH Assocs.**, Malta, New York, maintains that growing a solid base of principals is his major goal right now. Cooper, who opened his agency doors about a year ago, explained that "word of mouth" concerning his agency has been the best resource for gaining principals. He adds, "Once principals are in line, then I'm challenged by bringing in a solid base of customers." Bottom line, however, Cooper maintains that his business is fairly strong and he's got very few complaints.

"It's important for the rep to let his principals know about the inherent value in working with reps."

“For any rep to have as much as two-thirds of their income devoted to just one product line is not a good situation.”

Communicating What the Rep Does

Gary Scott, Scott Technologies, Lancaster, Pennsylvania, asks if principals truly know how to work with the reps they go to market with. “I don’t want to knock anyone’s business education, but too often sales managers haven’t called on accounts; they haven’t spent time in the field. As a result, they think customers are just sitting there waiting for reps to call on them.”

To counter that, Scott says, “What you’ve got to do is try to explain to them that you actually have a plan on how to serve your customers. For example, you start with a target prospect. Then you evaluate whether that target has any potential for the manufacturer’s products. Then your job is to turn that target into a true prospect. Your job is to explain the process and educate the principal, demonstrating that this is just the way the business is.”

Dusty Rhodes, Waypoint Bellwether, Inc., Auburn, Washington, maintains that the greatest challenge he faces — one that takes an inordinate amount of his time — is that of finding good quality leads. According to Rhodes, “Finding and qualifying leads should be a joint effort of the principal and rep, but principals don’t always do as much as they should.” In order to meet that challenge, he has to throw more time at the effort. “I’m getting good leads primarily through referrals, but it’s a time-consuming process.”

Mention the word “challenge” to **Bob Petersen** and his immediate response is ‘China.’ Petersen, **BPSR, Inc.**, Crystal Lake, Illinois, says “Even though the falling value of the U.S. dollar should make our manufacturing more attractive, the fact is U.S. wages remain higher than so many other places in the world. That’s why China — as a supplier of manufactured products — remains a major challenge, especially when it comes to commodities.”

The Threat from Overseas Competition

On the same plane of thought as Bob Petersen, **Bill Kiser, W.C. Kiser**, Reno, Nevada, shares that the concern over competition from China occupies some of his time. “While I don’t really have a lot of that bothers me right now, one thing that I do face (or rather my customers face) is that I serve an industry where a great deal of the products I represent have literally gone to China. I serve the tooling/dieing and injection molding industries; my job is to help my customers solve problems that have occurred with so much of the manufacturing in those areas going to China or otherwise offshore.”

In another area, he says, “The price of gas is beginning to annoy me.”

Another rep who weighs in with his concern about meeting the challenge of overseas pricing is **Michael Keen élan, Keen élan Sales, Inc.**, Rochester, New York. According to the rep, “Overseas pricing is still an important factor, and it hasn’t gone anywhere. It’s resulted in us, as reps, having to develop work process improvements for our customers. That’s the challenge we face. Everything we do is based on the concept that we have to be more price-competitive than the competition. It causes us to work harder on behalf of the customer.”

One rep who was hardly short on areas of concern is **Brian Myers, Myers & Assocs., LLC**, Madrid, Iowa. According to Myers, three of his larger areas of concern are time management, aligning his agency for its most effective cash flow and offers for pioneering work. “I’m very analytical in how I approach work,” he explains. “I’m always looking at the investment of time that I make and considering what my return on that investment is. That’s why it’s so important for me to be at a point where the time I devote to a line is appropriate for the return I re-



“Unless we can gain much higher commission rates for pioneering work, we steer clear of it. We’re not going to be doing something for nothing.”

ceive on the line. That’s something I’m always working on. Related to that issue is the fact that there’s a challenge for me to ensure that I avoid the fairly dangerous scenario of allowing too much of my income to reside with just one line. For any rep to have as much as two-thirds of their income devoted to just one product line, for instance, is not a good situation.”

Finally, Myers comments on the subject of a proliferation of offers from manufacturers to take on pioneering work for them. “Right now I’m being inundated with offers to take on lines where there’s no existing business. Sure, they all sound good, but they’re really not as attractive as they’re portrayed. And when you introduce the subject of shared territorial development fees, chances are you get a less-than-hospitable reception from the manufacturer.”

The rep adds that he’s willing to politely look at any and all opportunities, but he’s hardly in a position to do “something for nothing” when it comes to developing business for a manufacturer he doesn’t have a previous working relationship with.

Too Much of a Good Thing

Bob Braden notes that if he has a specific challenge, it’s a pretty good one. He says that if he’s concerned about anything major, it’s that he’s beginning to see some difficulty in satisfying customers’ needs in terms of meeting delivery requirements. Braden, **Braden & Associates**, Laborite, Indiana, maintains that “This is a double-edged sword in that business is good, so there are a lot of orders and plenty of customers to take care of. At the same time, because of the pressure of the business, some principals may have difficulty making those deliveries.”

He continues, “I’ve been in the business for a long time (as a rep for 18 years and in selling the products he represents since 1977), so I’ve built up a lot of relationships with customers. Generally when there’s a delivery problem my customers tend to deal with the principal, up to a point. When they can’t get any more satisfaction, they turn to me.” He adds that he’s been able to come to the rescue more than a few times, and that doing so helps a great deal to solidify his relationships. “In the end, however, we continue to do what we’re capable of, and I’ve found that this leads to a high level of satisfaction among the customers.”

He adds, as several other reps have, that the economy and the price of oil weigh a little heavier on his mind than they

used to. “I keep pretty close tabs on my expenses, so I know how expensive it is to conduct business today.”

And finally, **Vince Mesilla, General Precision & Electronics**, New Canaan, Connecticut, maintains, “The challenges reps face tend to be cyclical. Some of them recur when dealing with new principals or new people in their organizations. The age-old issue of communications between principal and rep is one that has been a challenge recently.”

Mesilla relates, “For instance, I have one principal that is everything a rep could wish for in terms of communicating with me, and another that leaves a lot to be desired. There are stark differences. With one, I get a copy of every quote, purchase order, invoice, document, drawing, email, etc. In addition, I’m notified of phone calls made directly from a customer to the principal. I do the same in return, and give the principal updates on my discussions and meetings with customers and prospects. We work very closely to solve technical problems in order to attain and solidify the business.

“With another principal, whose team members don’t realize the importance of detailed communication with an ‘outside’ rep, it can be difficult to keep a finger on the pulse of what’s happening. This can easily happen when a customer and a principal communicate directly, and the rep is not copied or informed. A situation of this type can lead to confusion, many extra phone calls (sometimes embarrassing), stress in business relationships, and at worst, distrust. My principals are OEM manufacturing service providers. Technical questions and problems are routine.”

To illustrate his point, Mesilla cites an example of the importance of communication between principal and rep. “A customer’s QA manager, experiencing a problem with a product, called my ‘ideal principal’ directly, and asked about changing a couple of dimensions to help the situation.

“The principal called me immediately and asked me to look into this. Having become familiar with the inner workings of the customer’s product, I was able to demonstrate to the QA person and their engineers that the root cause of the problem was something completely different than what they had originally thought. I was able to propose a better solution to their problem. Had my principal not communicated with me regarding that initial call, this design flaw could have become a serious issue, potentially causing major headaches and added expense for the customer.”

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