

PTRA Conference Previews Economic Upturn

CHANGE IS IN THE AIR

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“IT’S NOT SO MUCH THAT WE ARE AFRAID OF CHANGE OR SO IN LOVE WITH OUR OLD WAYS, IT’S MORE THAT CHANGE MAKES US UNCOMFORTABLE.” — MANA President Bryan Shirley

There’s an economic recovery on the horizon, and reps should consider how to change their business models if they are truly going to be able to take advantage of the turnaround. That was just part of the positive message delivered to attendees at PTRA’s 37th Annual Conference in Tucson, Arizona, this year.

PTRA members who heard that message walked away from the four-day event with plenty of information that will allow them to hit the ground running after the challenging economy takes a turn for the better.

Providing some much-anticipated news on the economic front was **Alan Beaulieu** of the **Institute for Trend Research**, Concord, New Hampshire. At the outset of his presentation, Beaulieu was quick to warn that “I might be a little depressing for you at the beginning because there are still some hard times in front of us. However, there is reason to look forward. Remember, we are still going through a recession, and it’s been painful for many of us. Our industrial production has moved to its lowest growth rate since 1947, and this will go down in history books as the ‘Great Recession.’ There’s no reason for us to be happy about that.”

As to when the recession will end, he explained we have to consider the fact that “As we look at trends, we’ve had a recession about every 10 years — this always happens. There are two reasons for that: first, it’s normal; and second, given time capitalism will correct the situation.” He went on to say that it appears President Obama concurred with his view when he explained “That we’re doing all this massive spending right now so we won’t have another recession for 10 years.”

Citing the value of examining trends, the economist noted, “A lot of people in business today are new to industry, and they’ve only experienced prolonged periods of amazing prosperity. If we use trend figures, we shouldn’t have been surprised by this recession. Likewise, our recovery is predictable. It’s when rates of industrial production begin to change and improve that we’ll know we’re recovering. Having said that, there will be no recovery in the middle of this year as some have predicted; rather it will begin at the end of this year and we’ll really see it in 2010.”

He continued that part of the problem this time is that “The recession is worse than we thought it was going to be. Added to that is that our government hasn’t properly responded to the crisis.”

NOW FOR THE GOOD NEWS

When it came to offering his audience some really good news, Beaulieu began by joking, “I just saved a bunch of money on my car insurance.” In a more serious vein, however, he emphasized that:

- ✔ Thankfully, the elections are over.
- ✔ Oil prices shouldn’t present a problem for us for at least the next 18 months.
- ✔ We’ll see the job employment situation improving in 2010.
- ✔ “Interest rates are probably as low as you’ll ever see them in your lifetime.” He added, however, that “debt levels in this country remain a matter of concern. Our current debt level is \$11.3 trillion, making us the 17th highest debtor nation in world as a percentage of Gross Domestic Product (GDP). And that’s a problem. Japan’s debt level is over 100 percent and that remains a problem for them. You don’t want to be like Japan and have your economy shut down.”

In general terms, Beaulieu maintained that for the short term, we’re going to be going through a period of time that Thomas Jefferson would not approve of. To make that point he quoted Jefferson: “I sincerely believe that banking establishments are more dangerous than standing armies, and the principle of spending money to be paid by posterity under the name of funding is but swindling futurity on a large scale.”

As we move forward and hopefully through the other end of the recession, Beaulieu urged reps to pay close attention to a number of economic indicators including:

- ✔ Business-to-business activity.
- ✔ The imbalance between orders and inventory.
- ✔ Corporate bond prices.
- ✔ The purchasing managers’ index which leads the economy by about a year — “We already have an indication of good things ahead with that index.”
- ✔ Rate of change of stock prices.
- ✔ Industrial production.
- ✔ Retail sales.
- ✔ Housing starts — “When that changes, six months from there we’re in recovery.” (Private non-residential construction).

EMBRACING CHANGE

In terms of positive steps that independent manufacturers' representatives can take when we're in recovery, he said, "Each of us must be willing to accept change and determine how we're going to change to adapt to a new environment. There's always something we can do. Look for opportunities. Look for companies that are dying and that you can take over. As a rep, continue to point out to principals and customers the competitive advantages of working with you. Find news ways to position yourself, because we can't go back to the way we used to conduct business. Rethink the sales process because it's simply not the same as it used to be.

"Companies that change and are able to define that change are the ones that will be truly successful in the future. It's those companies that will be taking business from others. We can no longer rest on our past performance. Practice inspiring leadership with your employees. We need an inspired and energized work force. Remember, you'll beat the competition in 2010 as a result of the goals you set for yourself in 2009. We make our own future and we can't depend on the largesse of the government."

In conclusion, to support his last point, the economist quoted Montesquieu, the great French political philosopher of the Enlightenment, who said: "It is always the adventurers who do great things, not the sovereigns of great empires." He urged his listeners to act as adventurers.

IT'S ALL ABOUT POSITIONING

If Beaulieu let his audience bask in the light of some positive economic news, **MANA** President **Bryan Shirley** emphasized that the best way to position yourself to take advantage of the inevitable turnaround is to enthusiastically embrace change.

According to Shirley, "It's not so much that we are afraid of change or so in love with our old ways, it's more that change makes us uncomfortable."

He continued, "Today more than ever, we have to push ourselves and our salesmen beyond our comfort zones." He recalled that "some of my greatest successes as a rep occurred when I operated outside of my comfort zone. If you're calling on the same old

people and selling them the same old products, that's got to stop. To stop, you've got to change, but keep in mind that change almost never fails because it comes too early, it almost always fails because it comes too late."

Inevitably, today's rep faces a number of challenges as he contemplates the need for him and his agency to embrace change. According to feedback he's received as he speaks with reps across the country, Shirley maintains that high on the list of challenges for reps to overcome are the following:

- ☑ First and foremost is the economy.
- ☑ Locating new manufacturers to represent.
- ☑ Getting face-to-face selling time with customer decision-makers.
- ☑ Pioneering new lines.
- ☑ The increased cost of rep firm operations (e.g., ex-

WE CAN NO LONGER REST ON OUR PAST PERFORMANCE.

penses including health care and travel and entertainment).

- ✔ The increased demands and expectations of principals.
- ✔ Decreased commission rates.
- ✔ Offshore sourcing and/or customers moving their operations out of the territory or offshore.
- ✔ Mergers and acquisitions among customers and principals.
- ✔ The pressing need for written agreements (contracts) with principals.

According to Shirley, these challenges weigh heavily on the rep as he considers how to meet them. “How do we address these challenges?” he asked. “You do it through your ability to meet expectations, communication, and your ability to establish a relationship of respect and trust with customers and principals.”

With an emphasis on the need to communicate, Shirley discussed the importance of technology in today’s business world. “When it comes to technology,” he said, “I’ve got two words for you: ‘Do it!’ In addition to being communication experts, your principals and customers expect you to become technology experts. Your technology tools and systems have to be great.”

Finally, Shirley provided his list of “my things” that can serve as a rep’s guide to success:

- ✔ Make sure you have a mission and a vision and communicate them to others.
- ✔ Engage in “for-real” planning and “for-real” follow-up with customers and principals.
- ✔ You’re communication experts — make sure your technology tools are up to date.
- ✔ Ensure that your operations systems are top-of-the-line, enabling you to accurately track orders and commissions.
- ✔ Practice great sales management — “How hard is it to motivate yourself today? It’s even more difficult to motivate your salespeople. Do it.”
- ✔ Professionally market and brand your agency.
- ✔ “And finally, remember to have fun. We all take ourselves too seriously. Let’s make sure that we have productive fun.”

BREAKOUT SESSIONS

The PTRA Conference wasn’t all just Alan Beaulieu and Bryan Shirley. A full slate of presentations and breakout sessions complemented what those speakers provided. Among the other presentations were:

“During tough economic times, the worst thing that a rep can do is to do nothing.” That was the admonition of **Jerry Leth, MANA’s director of membership**, as he urged PTRA members to consider a variety of growth strategies for their agencies.

Among the steps he covered were:

- ✔ **“Be sure you have mission and vision statements for your agency.** At the same time, it’s important to get together on a regular basis with principals in order to create mutual action plans. When you do that, your principals will consider you as a partner in their business.”
- ✔ **Regularly evaluate principals and conduct line profitability analysis.** “Keep in mind that there’s a cost associated with every sales call you make. It’s important to determine if it’s worthwhile to continue repping a given line. At the same time, we know it’s difficult to terminate a principal, but reps who regularly go through this process have found that it’s paid off for them.”
- ✔ **“When it comes to dealing with principals, always negotiate with them.** Don’t just sign the contract they offer. You’ll find that if you negotiate, they’ll think much more highly of you.”
- ✔ **Market your firm and its services to principals —** “This is one of the only businesses where you can get fired for doing too good of a job. It’s up to you to educate your principal as to where that commission check goes. He’s got to learn that it doesn’t go right into your pocket. You’ve got business expenses to cover, and often that’s forgotten.”

Among the many points emphasized by **Michael McNamara, Ph.D., McNamara Financial Services, Inc.**, during one of his breakout sessions was the following: “As you consider your retirement needs, remember this very simple concept — check your sources of guaranteed income. Pay your taxes on that and from whatever is left look at your living ex-

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penses. If your expenses are less than your income, you're golden. If there's a deficit, however, then you've got to go to your 'pot.' And, you had better have money there. Then you look at how much money you can take out of that pot. If the figures don't work, then you've got to make changes."

Mike Norton, AxiomOne, emphasized the need for reps to establish performance milestones as they evaluate new hires. "It's important to create benchmarks on performance so you can make early decisions on whether or not to stay with a hire. For instance, determine what has to happen by 30, 60, 180 days and a year. At those benchmarks, you should take a look at whether the individual has developed working relationships with principals and customers, has a knowledge of the products and services, can properly develop and execute an action plan, etc." He added that the new hire should also exhibit intellectual curiosity and possess an urgency to complete tasks.

As she detailed "The Secrets of Creating a Team of Sales Superstars," **Nicki Weiss, SalesWise**, urged her audience to embrace a coaching mindset with their sales staffs. "Coaching lies at the heart of management, not at the edges. Coaching is everything you do to produce extraordinary results in your business with colleagues amid

change, complexity and competition. Coaching is everything you do to ignite personal and team learning in solving business problems while building the capability the organization needs to succeed. It is everything you do to give you and your organization an edge and advantage."

After providing a detailed profile of his company, **Wayne Law, Motion Industries, Inc.**, Birmingham, Alabama, said that two critical roles reps can fill are to:

- ✔ "Develop trusting relationships with us.
- ✔ "Bring ideas and orders to the branch. You'll never find a more appreciative and loyal group than when you bring them an order. I think you know this, and you already do it. Continue to do it, and you'll grow business with Motion."

Eric Nystrom, Nucor/Bar Mill Group, Charlotte, North Carolina, provided attendees with an in-depth look at the steel market. A good deal of the information he provided touched on the economy, and he noted that the U.S. consumption of steel mill product continues to decline. At the same time, imports are taking a larger share of the U.S. market. In general, he offered positive news as he noted, "As a nation, we're still consuming cars and trucks. Our fleets are aging, however, and that is creating demand for some future time." ❧

AND IT'S THOSE COMPANIES THAT WILL BE TAKING BUSINESS FROM OTHERS."



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