



BACKSELLING PAYS FAST! Return-On-Investment Can Be Big And Quick

BY JOHN HASKELL

Over the past few years several rep firms have gotten the *backselling* message. Why? Because they saw the handwriting on the wall. In one case, a large rep firm lost a big piece of commission income. They realized they lost it because the management of the firm they represented had absolutely no appreciation of the value of their services.

You know that a neglected customer is more easily pulled away than a satisfied, regularly serviced customer.

How do your principals see your firm? Do you have any real idea? Don't just evaluate your relationship with sales managers and regionals. What about customer service, engineering, marketing services?

Another rep firm felt it was time for a major upgrade of their profile. In this case the owner of the firm has caught the marketing and backselling bug. He has realized that he has to be constantly talking to principals, prospective principals, customers and end users.

The profile created for him covers all the bases. It sells the firm and the way the firm does business. Special emphasis was put on his people including who are the members of the team, what do they represent in terms of knowledge, experience, position in the industry?

Costs Don't Stand In the Way?

Several reps have said, "What if I have to change my profile? I don't want people, especially pictures, because it will cost too much to change."

My reply — "Today technology is such that the cost is very low. We recently up dated the profile of a rep firm where, unfortunately, one of the salesmen in the territory had passed away. The cost was less than one dollar per printed profile. We ran 200."

The technology allows you to print very small quantities and reprint as needed at remarkably low cost.

Investing in Backselling Makes Sense

Your top four to six principals represent 80 percent (plus or minus 10 percent) of your commission income. You should be willing to put three to five percent of that income back into the effort to keep these valuable lines. There is no simple formula, but you certainly would feel awful if you failed to reinvest five percent of the commission and lost the line as a result.

No Clear Formula, But

You are a professional salesperson. You know that a neglected customer is more easily pulled away than a satisfied, regularly serviced customer.

Principals are Customers!

You must think this way. When you are not investing in the principals they can drift away or be pulled away. In your territory there is at least one strong, aggressive rep firm that covets your best lines. Protecting those relationships and that income should be a significant activity for you and your company.

Conscious Effort

How are you handling your principals? Backselling means having a solid program 24/7. It may not take a lot. For example, do you send sales forecasts to your major principals? If not, why not? Who is closer to the customer than you are?

Have the times ever been more difficult for the financial and manufacturing planning people at the principal?

You can guess that most of the other reps do not send forecasts. That failure increases the value of your effort. Remember, that you want to stand out.

Many reps believe that they are sticking their necks out if they forecast. Yes, they are and you will be. But, is it better to take a risk or to fail to deliver on the value you are supposed to bring to the manufacturer?

Professionalism Sells

Your major lines send you serious money. They expect, or should expect, real value for their money. You may have been able to do less reporting, forecasting and *backselling* with management that has known

you for years and appreciates the volume and value you bring to the business. But, volume is down, newer people are getting more responsible positions. Who is your rep firm to them?

The Pay-Off

Change, mergers, acquisitions, divestitures and start-ups are the way of the market today. One rep firm found itself in a *shoot-out*.


Their potential added commission was over one million dollars. They won. They won because they have a total backselling program. They sell the way they do business. They sell the *branch office* services they provide to their manufacturers. No other rep firm in the competition could point to the range of services and specific tools and programs this firm delivers. But, having them and selling them are two different things.

This firm has a complete written marketing and sales plan. They sell back up the channel to everyone they touch at every principal. They sell their customers on doing business with them. They sell the end users in their industry on the value they bring to every transaction.

Backselling has become a way of life for this firm, and it is paying off in big dollars. In another instance the same firm was awarded part of the territory for a big line. They went to work selling the line to customers first. Results are the best backselling tool.

At the same time, they also sold sales management and financial management on the value of their services. It was only four weeks after they got one state for this big line that they were awarded the rest of the territory. Why? Because once they were working with this principal, they were able to backsell. They delivered results and working all the way through the *branch office* total service package — the principal was sold!

Money Talks and Everything Else Walks!

When it comes to getting and keeping top level principals a rep firm needs a comprehensive *backselling* program. It is worth it. It pays off big time! 



MANUFACTURERS:

Checklist for Interviewing Reps

Six Predictors of Success

Many of the manufacturing personnel who read *Agency Sales* are new to working with independent reps. Some of these managers will be involved in the process of selecting new representation for their company in one or more territories. But, many of these managers and some of their superiors do not have much experience selecting reps.

Relationships: There are many reasons to select a rep firm to carry your company's products to market in a territory. Existing relationships with key distribution or end users is your first consideration.

Track Record: There is no question that a rep firm's results with their other lines is vital. The reputation of the rep firm is very important.

Six-Point Check List

As a result of years of interviewing reps and working with firms that go to market with a rep sales force, the following check list has been created. Each of these items helps predict success. Combined, the six are very likely to tell an important tale. Use a 1-10 scale where 1=poor/ineffective, 5=average and 10=superior, great, most effective.

1 Profile — How does the rep firm present itself. Does it have a formal profile designed to sell their firm to prospective principals and customers?

A rep firm should have a really effective piece. At a minimum the profile should tell you about their territory, their people, their history. It would be very good if they include some letters of recommendation from current principals and customers. And, of course, they need to present their line card.

What lines to they have? How does the rep firm

present itself as representatives for their package of lines? Why do they have these lines? How do they conduct business? What is the approach they take to their business? How do they support their sales effort? What sort of organization do they have?

All of this and more should come through loud and clear in their profile. This piece is their way of selling themselves to you. A weak or poor profile is a telling sign. Remember a PowerPoint presentation and a website are not the same as a *profile*.

2 Sales Force Management — When you retain a rep firm, you are making a commitment to a *branch office*. So how does the rep firm manage its own sales force? If you owned the office, how would you want the sales team managed? Are they well organized in their approach to their customers? Is there a clear plan for each of their principals? What do they do to remedy situations where they are not reaching sales goals? What do they do to communicate the management of their sales force back to you, the principal — the one who sends the commission check?

3 Communication to Principals — The development of an effective rep sales team is all about communications. When you are looking at a prospective rep firm one of your key questions has to be "How do you communicate with us?"

It often feels like the principal has no control of the

sales process. One of the things that makes new sales management people working for manufacturers who use reps uncomfortable is this perceived lack of control.

This “myth of control” is one of the biggest reasons for conflict between manufacturing management and reps. One of the best ways to avoid a control issue is for the rep firm to have a highly effective communication system. The burden for communication falls on the rep’s shoulders. The principal is paying the bills. He is entitled to good communications from the rep. The principal is the rep’s *customer*. How does the rep keep the principal informed? This must be a clearly defined process which the rep can demonstrate and illustrate during the interview process.

4 Forecasting — Revenue forecasts are a critical part of the manufacturing management process. The most effective revenue forecasts come from the field. No one is closer to the customer than the rep. When interviewing reps it is vital that the rep explain their forecasting process.

The principal cannot expect perfection. The forecasting process is more about being close to the business processes of the customer than it is about being informed and having reasonable estimates of the business activity for that customer. How detailed should the forecast be? As detailed as possible is the best answer. If one product is a major revenue producer, then the rep should be able to get reasonable estimates of usage from the customer.

Detailed Annual Plan — In addition to the forecast annually and quarterly, the principal is entitled to an annual plan for the rep’s business in the territory. A major principal should look for a meeting with the rep firm in person to review the past year and plan for the next year. This meeting should take place no later than mid-January of a new year. What does the rep firm do for its principals? How does the rep firm approach the annual plan and planning meeting? These are important factors in selecting the next Rep for your company.

5 Customer and End-User Communications — The rep firm is your company in the territory. How does the rep firm represent your company

to its customers and those customers’ customers (if you are in the business of selling resellers)?


What tools and programs does the rep firm provide? Does the rep firm put out newsletters, promotional flyers, participate in local shows, conduct product demonstrations, etc.? How does the rep firm take your products into the market?

These are critical questions which make a big difference to the success of your products in the territory.

6 Training — How does the rep firm invest in its organization and its people? You are dependent on the skill of the individuals who work for the rep firm. You need to know how the rep principal(s) goes about making their people more effective for you.

Summary

These six points are provided for you to create your own set of questions and your own standards of measurement when interviewing reps to handle your business in an individual territory. Using these check points for making your decision to hire a rep firm is the first step to making the relationship successful.

The next step is holding the reps to their commitments made during the interviewing process. You will have a contract that describes the legal relationship between the rep firm and you, the manufacturer/principal. But, you need to have clearly expressed standards of measurement as the basis of your working relationship. 



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