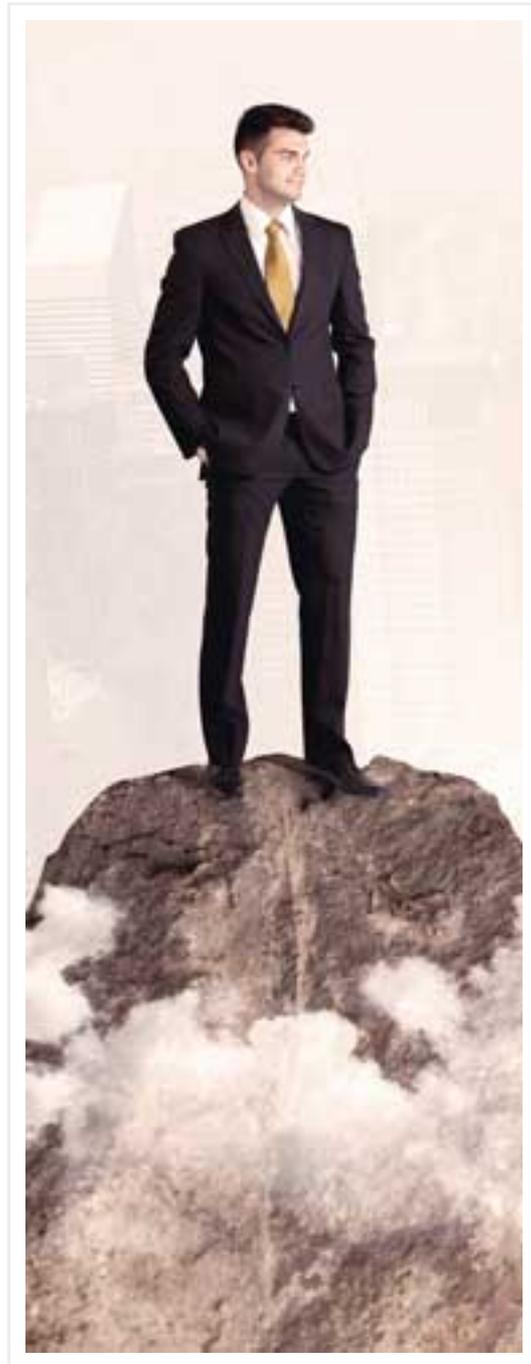


So You Are Going to Use Reps? Now What?

By John Haskell

September 2016



© ra2 studio | stock.adobe.com

Regardless of industry, the majority of companies who are not currently using manufacturers' representatives to sell their products do not know

where to start. It is very easy to say, “Let’s go the rep route,” but then what do you do to find and begin working with reps?

Finding Reps for Your Company

Finding the reps is a big challenge in most industries because although many independent manufacturers’ representatives may be listed in the MANA database, who are the best for you? This is a highly personal discussion.

Positioning Your Line Within the Rep Firm’s Lines

How does your line fit in with the other lines the rep handles? What is the commission dollar ranking of the lines they handle? If possible you need to get a handle on how much commission they earn from their key lines. Most reps will give you a general idea of commissions from their top lines. You have to project from there.

Meaning of Success

The most important thing to remember is that you should not work with a rep firm for whom success will not result in your company’s commission dollars being significant. What is significant? I feel that a rep should not handle a line that does not represent at least five percent of total commission income.

How long should it take for a successful rep firm to achieve five percent of their income from your line? If it is not a reasonably good possibility that the reps will get to five percent in two years, then I think hiring that rep firm is a mistake.

The following list of questions and considerations is a good starting point for your efforts to hire and orient reps to working with your line.

- **Getting Acquainted**

It is obvious that you need to set up plenty of time for training and acquainting the reps with your company. Your programs must be very professional. Nothing is worse than taking a rep’s time and then boring them to death.

In addition, you need to have a strong company “personality” with the reps. Who are you? What are you like? What are the most important things for the reps to take away from the training sessions? Are you guys/gals fun to be with? Are you particularly technologically advanced? Do you have exceptional machinery and skill in your manufacturing? Do you have outstanding customer service that makes you more competitive in the market? It is all about what your company is to the reps so that they can convey this information and these feelings to prospective customers.

- **Line History**

If you are hiring an agency to replace a previous firm, what has the history of your line been in their territory? What experiences have you had — bad and good — that they should know about: lost orders, screwed up situations, angry customers, vicious competitors, etc.

- **Expectations**

What do you expect from the reps?

You have to be clear — set realistic goals. Your goals have to be more than just revenue—market penetration, customer penetration and other positioning goals are very important.

- **Communication**

How do you ask for what you want?

Do you have a reporting system? Do you want a quarterly (monthly is too often) sales forecast after the first year? How simple can you make it for the reps? Remember reps — like all good salespeople — hate paperwork, but the smart ones realize that communication is important.

- **Share of the Rep's Time**

How important can/should your company be to each rep firm?

I have discussed the five percent goal. I don't think you should start a relationship with any rep firm if you are not fairly confident that they can get to five percent of total commissions with your line in 24 months.

- **Training and Development**

What training and development will you invest in each rep firm?

The training plan should be very well-developed, very complete and easy to show the reps when you are interviewing. The more professional you are the better the reps will perform. Make it easy, make it exciting, make it fun, but most of all make it effective.

- **Training Structure**

How is the training structured?

What is the program? Companies often ask for three to four days of training — unless your line is going to be an added 15-25 percent of commission income very quickly, this is totally unreasonable. Getting a day of a rep's time is a big deal. Remember this is selling time.

- **Expenses**

Who pays what expenses for training?

All of the expenses on the ground at your facilities should be paid by your company — that includes hotel, ground transportation if the reps are coming by air, meals, hotels, etc.

The only question is who pays for air travel to get to the training. My preference is to have the company pay 100 percent — this makes a very good impression on the reps and shows that the company values their time and service.

- **Startup Product Training**

What sales programs does your company have for getting the reps started with the products/product line? Sales meetings?

How are the reps going to launch your products in the market? If representation is new to the territory, what is your plan for supporting them? Are you going to have management personnel (a sales manager, VP Sales, etc.) traveling with them for the first few trips through the territory or at least to key accounts/prospects? What financial support is available for the reps to promote your products in their territory? Do you have a trailer for demonstration of your products — if appropriate?

- **Reporting System**

What reporting system do you want to use with the reps?

This should be very clear, very simple. You are not entitled to “call reports” — remember, the rep is an independent contractor/outsourced business firm that you work with. At the same time you want to know what is going on. So how do you want the reps to feed back to you about their activity, customer reactions, opportunities, challenges etc.?

- **Rep Contract**

What legal documentation do you have for the relationship with the reps?

The rep contract is of vital importance. Before you move forward with any rep firm, you should (I'd like to say *must*) have a signed contract. There is no point in investing in training, meetings, etc. unless you have a contract. MANA can supply a sample contract or you can have your attorneys draw up a contract. Using the MANA format saves money and makes the contract more appropriate.

- **Pay Structure**

How do you expect to pay the reps? Commission? Timing? Other?

Reps like to get paid. They earn it. Please, always make it clear to your finance personnel what the terms with the reps are and that all payments have to be on time. A manufacturer that doesn't pay doesn't deserve service. Reps who work with manufacturers who are bad payers are *fools!*

- **Incentive Program**

Do you have an incentive program in mind for the reps achieving specific goals?

Incentives can be very valuable. An incentive for opening new accounts, getting first orders, for selling certain products works very well. Reps love to get extra dollars. There is nothing more exciting than having a manufacturer at a sales meeting handing out checks.

- **Inside Support**

How do you expect to support the rep network — trade shows? Factory visits? Marketing materials? Website? Video? Other tools and programs? Nothing is more important than support — every element of your marketing, merchandising, advertising and sales promotion plan must be completely laid out and shown to the reps. The more support you have the better. Do you have field sales support? What trade shows do you participate in? How do you want the reps to help you at shows?

The more you do, the better for the reps, and the more you can expect from them in return.

Bottom Line

Being extremely well-organized with a comprehensive, well-thought-out program for your reps is the key to success. Taking the time and spending the money to have a great program is key. Having everything very well-organized to show the reps when you interview them is the first step to having a solid, profitable rep program.

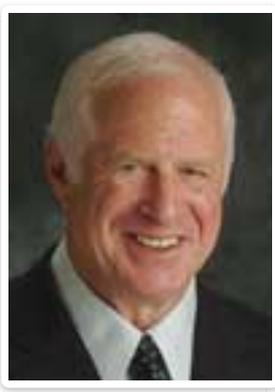
Too many manufacturers blame the reps for a failure to achieve their goals. The burden lies on the manufacturer to have a program to support excellent products and to make everything work by knowing how to treat the reps and how to develop the program over the long term.

MANA welcomes your comments on this article. Write to us at mana@manaonline.org.



John Haskell

John Haskell, Dr. Revenue®, is a professional speaker and marketing/sales consultant with more than 40 years' experience working with companies utilizing manufacturers' reps and helping rep firms. He has created the Principal Relations X-Ray, spoken to hundreds of rep associations and groups, including 32 programs for MANA from 2001 to 2005. He is also a regular contributor to *Agency Sales* magazine. For more information see drrevenue.com or contact drrevenue@drrevenue.com.



■