

So, Tell Me Again Why Am I Writing This Large Check to a Manufacturers' Representative?

Words that should never be spoken by the president, CFO, national sales manager, VP of sales, owner or decision-maker from one of a rep's top-paying lines.

In reality, though, senior management from one of a rep's top-paying lines sometimes will question whether or not an outsourced sales force firm really deserves that four- or five-figure monthly check.

Sometimes having a principal question the size of your check is unavoidable. But in other cases, it is an unforced error on the rep's part for failing to preemptively educate the manufacturer on the value the rep brings to the principal.

For example, does your top-paying principal know that being your top-paying line does not necessarily mean they are your most profitable line? How can a principal that represents 40 percent of your rep firm's income know that they actually get 50-60 percent of your rep firm's resources, unless you tell them?

How can they know that the rep is actually a bargain compared to what it would cost for the principal to duplicate the rep's services themselves unless you educate them *before* they start questioning your commission check?

Your principals probably know that in its purest form, the rep's job is to deliver orders to the principal. The principals see the order arrive, but they often don't see what went into the order. And they think that they could produce that order for a lower cost than paying a rep.

So, if the order is a cake, it is the rep's job to educate the manufacturer on the cost of flour, sugar, eggs, butter, the use of an oven, and a baker.

What are the ingredients that go into an order?

1. Customer service. Many manufacturers put non-selling tasks like data entry, expediting, and even

sending out price lists on the rep's plate, but the cost of this added personnel is not on senior management's mind when they question the size of a rep's commission check.

2. Maintaining a manufacturer's CRM (often www.salesforce.com). Rep salespeople lose time generating the data and the rep's data entry team has to be sized to keep up with those updates.

3. Being the voice of the customer. What is the market looking for? What new products should the principal be designing? What are the principal's competitors doing?

4. Participating in principal webinar and conference calls. Even when the ideal schedule of Mondays or Fridays as early or as late in the day as feasible is maintained, these still cut into selling time.

5. Attending the principal's national sales meetings and industry trade shows.

6. Doing booth duty for your principal at a national trade show. Or perhaps the rep having their own booth to present the principal's product in a trade show.

7. Principal visits to the territory. Arranging and coordinating customer meetings when the principal's salespeople or application engineers are in town.

8. Direct marketing campaigns via email.

9. Hosting and conducting "lunch and learn" events at the customers, distributors, and design firms.

10. Entertaining major customers — dinners, sporting events and golf, for example.

11. Office space. Some principals require a physical office in the territory or require so much clerical work that the rep has to provide physical office space for clerical staff.



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john@gsatech.com



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Bridgewater, NJ
(908) 707-0328
percinc@gmail.com



Tommy Garnett, CPMR, CSP
Garnett Component Sales, Inc.
Wake Forest, NC
(919) 801-4627
tommy@gcsrep.com



Charlie Ingram
Eriez Magnetics
Erie, PA
(814) 835-6000
cingram@eriez.com



Michelle Jobst, CPMR
Jobst Incorporated
Eden Prairie, MN
(952) 906-7600
michelle@jobstinc.com



Ed Juline, CPMR, CSP
Mexico Representation
Guadalajara, Mexico
(956) 242-7424
ejuline@mexicorepresentation.com

12. Cultivating engineering and purchasing relationships at prospective customers who might be promising someday but are not prospects to place orders anytime soon.

13. Market research. Knowing where their customers businesses are going before they get there.

All too often I hear the phrase: "If a rep doesn't sell enough he or she is terminated. If he or she sells too much they also are terminated."

Termination for selling too much may be avoided if the rep educates the principal on all the expensive ingredients that went into baking that cake. With enough education, principals should be overjoyed to write the rep a big check because the principal often receives 10 to 20 times the amount of that commission check.

When reps don't give their principals that preemp-tive education, they risk having principals' senior management ask the questions: "So, tell me again why...?"



John Beaver founded GSA Optimum, Oakdale, New York, in 1984. The metropolitan New York/New Jersey independent manufacturers' representative firm has 33 employees covering Maine to Virginia out of its four offices. The agency specializes in electrical mechanical, electronic, and electrical components. This growth can be partly attributed to his successful acquisition of six firms. In 2015 he began his tenure as a MANA Board member. He is also an active member of ERA and NEMRA. As a member of ERA he serves as a National Delegate and is the chairperson of Metro NY/NJ ERA local chapter.