

Manufacturer's Representatives in the U.S.

Why Use Reps?

Properly selected and professionally managed, a network of manufacturer's representatives ("Reps") can provide an excellent sales channel for your products in the U.S. Reps are commissioned agents that offer your product to a specific market or geographical territory. Pricing and sales terms remain under your control, with the Rep acting as a broker on a transaction between you and the customer. Reps are ideal if your objective is to obtain broad geographical coverage at an economical cost and still maintain a relatively high degree of control. They have an established customer base to which they offer a line of products. Reps will likely be familiar with your technology or product and, indeed, will be reluctant to take it on if it does not fill a gap or create an extension of their current portfolio. Reps are used to the pressure of producing sales volume immediately. They understand that their income is solely dependent on successful sales. They can have your products in front of your customers very quickly.

Profile of the Ideal Rep

Product fit is paramount. That is, your product should integrate well with the Rep's existing portfolio and the Rep must have time, motivation and competence to give your product the support that it requires. The right Rep should also offer you compatibility of organization, enabling you to interact efficiently and allowing you to support and manage the relationship. The Rep should be able to embrace your marketing objectives allowing for the fluid delivery of your product's value to the customer.

Careful Selection Required

Recruiting Reps requires much greater care than hiring direct employees. You can mold employees, prioritize their time and require them to comply with your administrative procedures and execute your strategy. Good Reps have already achieved some measure of success executing *their* strategy and employing *their* operating procedures. They are not likely to change their behavior significantly to accommodate *your* product. Your selection process should follow a detailed plan and should be focused upon matching pre-determined criteria that you have established. For example, you will want to know:

- Does the Rep have close relationships and contacts with your markets and customers?
- Does the Rep's territory fit with your needs?
- Does the Rep have a professional sales and support organization? Is it large enough?
- Does the Rep have compatible products? Any synergies with your products?
- Does the Rep carry competing lines?
- Does the Rep have appropriate technical capabilities?
- Will your product become a major line within a foreseeable future?
- Is the Rep loyal to its principals? What is an average tenure with major lines?

Finding the Ideal Rep

Setting up a Rep network is a challenging and time consuming process. Some Reps are distrustful of manufacturers because of previous relationships that failed. These are costly mistakes for both parties. Before you start make sure that your own organization is committed to a Rep strategy for exploiting the market and agrees with the profile that you have established. You will need a team to execute the selection process. A list of potential candidates can be drawn up by reference to trade shows, trade organizations, customers, competitors, web searches and networking. Telephone interviews should enable you to prepare a short list of prospects. Then ask your experienced managers to personally interview the top candidates using the questionnaire that you developed in the planning stage.

Managing Reps

The management of each of your Reps starts with common understanding of the expectations and commitments of each party documented in a simple contract. A sales plan should be prepared with actions and include a process for review and adjustment. Your timely delivery of literature, product samples, training and other sales support is critical in establishing a solid foundation for the management of the relationship.

Notwithstanding your use of a uniform process, your actual selection of Reps will result in artful compromises requiring continuous evaluation and adjustment. Your Reps are your field sales force for which you must maintain sufficient management and support resources. Consider establishing a Rep council, made up of your best performers, to get useful feedback.

Ask LMS. We can help.



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