

The Thinking Salesman Letter

April 15, 2011

Hello Everybody,

The purpose of this bi-monthly newsletter is to present the pros & cons of distribution systems from the Mfrs', Distributors' and Reps' point of views. It is based on our forty years plus experience in setting up distribution networks across North and Latin America as salesman, sales mgr., independent rep and consultant.

We hope you enjoy it. If you wish to have names added or removed, please email us at info@TheThinkingSalesman.com

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Sales calls 101 (A)

Need for actual sales calls:

When we started in sales (in the mid 60s), if a salesman didn't call on a customer every month, the customer assumed the Rep. was either dead or "belly up". Today, nobody wants to see salespeople except when they're needed.

Some of our younger people will even argue that with the internet and emails there's no need for physical visits. It's true up to a point. It's truer for commodity products but it sure doesn't apply to industrial & commercial products. For instance, "would you buy an industrial boiler on line?"

There's still a need for sales people; technically versed, professional and organized sales people. Cronyism, the "cigar smoking back slapper" and "suede shoe" salesman is gone, thank God.

Talking about organized, we're still meeting Reps who don't have databases. When we interview Reps we always ask:

- Which database do you use? (More on this later)
- How do you organize your week? We don't see how anybody can do that without a computer...

Preparing the calls (visits):

Come Monday mornings, too many salesmen have not even figured out whether they'll turn right or left at the bottom of their driveway.

All organizations are now trying to do more with less people i.e. securing an appointment is more and more difficult making planning more important than ever before.

First, organize your week! Plan around the main calls, where to go, who to see and what to talk about. Put a weekly schedule in writing and secure the main appointments over the phone. A good time to do this is on Friday afternoons.

Second, prepare each call! Write down what needs to be discussed with every customer and/or have copies of outstanding quotations. For years we've been using note books in which we wrote down -in front of the customers- (writing things down in front of them (a) gives them confidence you won't forget their requests and (b) you look organized) It's also the only way one can enter accurate and complete information later on in a database for follow ups..

Relationship Between Mfrs & Reps (VI) The rep agreement (VIII)

We have been told by two lawyers that Mfrs should not have the Rep agreement on their letter heads because some judges might "read" this as "the Company threw its weight around", coerced the Rep in signing.

Termination, How and why

When it comes to terminations, there are 2 possibilities with a lot of gray in between:

1. The Rep terminates the Principal.

A Rep will cancel a Principal when the Mfr is so bad that representing that Mfr affects the Rep's reputation; we lived it once. Another reason is, if the Rep has another Principal waiting in the wings but even this (and good Reps know it) it's not as easy as it looks. If customers are well served by that Mfr they may very well stick with them. For a Rep to "switch" is not as east as it seems (we also lived that). So a Rep resigning a line does not happen as often as one might think.

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2. The Mfr terminates the Rep. A fairly common situation is where the owner's son is taking over and decides to "establish" his authority by firing a Rep, the Mfr thinks a change of Rep will do them good (which seldom happen) or -for whatever reason- the Rep has gone into "harvest mode".

Harvest mode is where a Rep collects the maximum commissions with the minimum effort for the longest possible time i.e. until the Principal fires him/her.

A Rep will go into harvest mode when the product/Principal causes too many "non revenue" events or upcoming changes at the Principal with people he/she is not familiar with or he's thinking of retirement (If a sales mgr can't spot this last one... and too many come to mind...)

Making a termination as seamless as possible and using the transition time (**and 30 days is usually not enough**) to protect and transfer ongoing orders, quotations and projects is to everyone's advantage:

A) It offers continuity for the Mfr and the end users.

B) It protects -up to a point- the outgoing Rep's time and efforts invested with the Principal..

C) If a new Rep is appointed; it provides a smoother transition by making him aware of the current business and what to stay away from.

Mfrs, never approach a Rep to represent you before you have cancelled the current one.

Upon termination some Mfrs ask the Rep to return all info they have on their mutual customers. Reps are independent business persons and asking them to return "all information" contravenes their independent status that's supposedly clearly stated in the Rep agreement

Whiskey Tango Foxtrot Moment

Manufacturers belly ache about Reps. They say Reps are lazy; Reps do not generate new business; why should we keep paying Reps commissions for years after they've opened up an account?

Right or wrong, Reps need to confront this perception. It's time Reps come up with their own marketing and action plan, fix their own sales objectives for each line and review each one -especially their performance- regularly with each Principal. And most important make sure the Principal agrees with the Reps' own performance assessment.

The Reps who don't communicate, who don't involve their Principals are going the way they deserve, the way of the Dodo bird. And vice versa!

Principals, tell us your Rep horror stories!

Thought:

**How do you compete and win?
The longer your answer the less likely
you know how to compete.**

Discipline of Market Leaders, by M. Treacy & F Wiersema

Next issue, May 1, 2011,

Sales calls 101, II

Relationship: Mfrs & Reps (IX):

Rep agreements:

Confidentiality & Rep'ing a competitor

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