

# The Thinking Salesman Letter

November 15, 2011

## **Our Mission:**

To openly discuss and challenge all aspects of sales and distribution and to promote the sales profession.

[www.TheThinkingSalesman.com](http://www.TheThinkingSalesman.com)

Hello Everybody,

## **On the Firing Line**

*(None of this stuff is made up, the names may have been omitted to protect the guilty)*

### Email addresses.

We recently ran into an interesting detail. A Mfrs asked us to identify possible Reps.

Simultaneously a competitor of theirs announced they would soon close their doors. We naturally wanted to approach some of their Reps and we went to this Mfrs web site to locate their Reps.

Most Reps shown had an email address with the Mfrs' own domain i.e. the Reps emails are going through the Mfr's server and can be read by the Mfr and for sake of confidentiality we shied away from contacting these Reps.

The lesson to be learned here is that Reps should have their own email address; if the Mfr shuts down, like here, you'll find yourself cut off from your email and customers. On top of this, we're supposed to be independent Reps so let's behave as such.

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*All ...I still think the single biggest problem we have as reps, and have had for many years, is the lack of respect for the rep profession and the feeling that the manufacturers will hire us just long enough to get our customer list and enough business to support a direct salesman in our territory.*

*There is no accountability for manufacturers any more. Take a look at the advertising section at the back of Agency Sales and see how few companies are looking for reps. They can't find any of us that are willing to sign their one sided contracts.*

*If I was paid for all the work I got for my principals over the years I would be a very wealthy man. As a matter of fact, that is why we are importers now and not reps.*

*I don't know what the answer is, but I am getting too old and too tired to care much [about North American Mfrs]. Most of our principals are in China, Singapore, or Taiwan now. Never once have they asked me for call reports, broken a contract, or tried one of the typical tricks their US counter parts use.*

**It's not the first time we hear Asian Mfrs treat their North American Reps better than our own Mfrs.**

## **House Accounts**

We see two types of "house accounts":

Negotiated house accounts: Where the Principal and the customer's management/owners have had a long and personal relationship.

Imposed house accounts: Where the Principal thinks he/she has a relationship with a customer because he's placed orders with them, think they no longer need the Reps and want to pocket the commissions.

### **Negotiated house accounts.**

While most Reps understand and accept that there can be close relationships between Mfrs and customers, however, if the Mfrs do not handle this properly it can create several problems for all.

The first point to consider is that the Rep will call on the "house account" with his other lines and while doing so, if asked questions by the "house account", he/she will have to answer he/she can't answer/service the customer because they're a "house account". This is a lose/lose/lose situation for the "house account", the Rep and the Principal (Mfr).

Another point to consider is that, often distributors like to bundle their orders with one Rep because the Rep follows up and coordinates deliveries. A "house account" can't take advantage of that service.

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We met a stocking Rep who told us of a Principal who a few months back started insisting more and more that the distributors place their orders directly with the factory instead of through the Rep. even for orders coming out of the Rep's stock...  
This Rep is being undercut and should start looking for a replacement line PDQ.

Finally, what happens when the "house account" needs immediate on-site help? A local Rep can do it a lot more promptly and more economically.

Solution, have the local Rep handle the "house account" against a lower commission rate **keeping in mind that it's the turn of the Principal to keep the Rep abreast of relevant communications.**

Another situation to consider is where in very lucrative territories (usually densely populated ones) high commissions are paid and Mfrs switch to factory sales forces.  
Face reality, take the initiative, negotiate a lower commission or offer services only you can and retain the line before you're replaced.

## Imposed house accounts.

This is where Principals try to pocket the Rep's commission as the Rep develops and builds up accounts. A professional Rep, doesn't waste time with such manufacturers.

One house account in a territory means it won't be long before the whole territory is "house accounts".

Btw, these are the Manufacturers who keep complaining that the Rep method of going to market doesn't work.

## Whisky Tango Foxtrot Moment

The professional Rep remains current in four separate areas:

1) **Products and Principals, the professionals make sure the staff is thoroughly versed on their Principals products and Principals plans. There's regular communication and facility visits are part of planned programs.**

2) **Markets and industry, the professionals keep abreast as to what goes on in their industry through customers, Principals and industry networks. They listen more than they talk.**

3) **Running a business. The professionals are foremost business people. They are well educated, take professional improvement courses and take time away from the daily grind to think about their business.**

4) **Finally, the professionals give back by getting involved in their profession, industry or society with volunteer work.**

That's what makes a pro.

How many Manufacturers inquire about these points at interviews?

## Thought:

**If you can't be a good example, then you'll just have to be a horrible warning.**

Catherine Aird, Quotes on Volunteering.

**Next issue, Dec. 1, 2011,**

**First anniversary issue!!!**

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