

The Thinking Salesman Letter

Tuesday, February 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@albro.com

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Distribution 101 Marketing Plan.

If there's one area where **small and medium Mfrs** and **most Reps** miserably fail, it's the **marketing plan**. A marketing plan is a map; it's crucial for:

- Retaining customers and reaching new ones
- Identifying product/services needs
- Assigning responsibilities.
- Effective support/advertising programs.
- Development of your distribution system.

It's our experience that owners tend to be biased and employees feel threatened by change. Consider bringing in a consultant to avoid these pit falls.

Start a marketing plan.

Answer these 3 basis questions:

1) Where are you?

Conduct a few SWOT analysis. Make a matrix and answer each of the 4 points:

	You	Comp'tion 1	Comp'tion 2
S trength			
W eaknesses			
O pportunities			
T hreats			

Do one for each territory, distribution system, and product lines. A profile will start to emerge.

Google "SWOT" there are interesting templates.

2) Where do you want to go?

- Concentrate, build around the areas where you have **unfair advantage(s)**. If you don't have any you may want to adjust/reconsider.
- Fix short, medium and long term realistic goals. And, never lose sight of **the ultimate objective: your succession.**

3) How to get from here to there (A to B)?

- Which distribution system -or combination of- is best **for you?**
- Do you have experienced personnel?
- **Database**. Your Co's. memory.
- Budgets \$ for each new requirement.

Don't go into too many details. If you do, you will get bogged down. Develop simple, clear, broad and measurable objectives.

Relationship Between Mfrs & Reps (VI)

The rep agreement (IV) Principal's & Rep's Duties.

The usual **very basic** "duties" are:

For the Rep:

- Service existing relationships... create add'l relationships... devote time and efforts to promote the Principal...
- Keep Principal informed of market conditions... credit information...

For the Principal (Mfr).

- Instruct/train the Rep.
- Provide promotional material free of charge.
- Keep Rep. informed of leads/activities from his Territory

Rep side:

It's our experience that while Reps are very good at promoting their lines they neglect promoting themselves starting with proper communications with their Mfrs. One result is that **Principals too often think "they're not getting their money's worth. Such perceptions must be addressed.**

Another snag we have noted with Reps is the lack of structure such as **yearly written action plans** developed with their Principals and a data base. **A data base can be worth more than your agency.**

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* We know a Rep, in the pharmaceutical field, who sold his database for several \$M,

In the 1950s, American Airlines launched a reservation system called "Sabre". In 2000 it spun it off for more than American Airlines was worth then.

Mfrs' (Principal) side:

Marketing and yearly action plans developed with the Reps, open communications transparency and **monthly conversations** are essential to a successful Mfr/Rep relationship.

We had a Mfr who wanted to impose sales budgets on his reps. We asked him to hold off and to give us his figures. We contacted the Reps and asked for their projections. It turned out most were above what the Mfr wanted but the amazing part was that most Reps reached their target. That's called the consultative approach vs. totemic or top down

A perennial question is: "is every call a Rep makes for the Mfr? **The Rep's job #1 is to develop/maintain relationships with the customers** i.e. every time he makes a call he's doing his job and working for his Mfrs. A good Rep knows when to bring up his Principals; if yours does not know how to do this, review your hiring practices.

Interesting add-on to the agreement: Mfrs include your Reps in your product insurance.

Think about it. In case of a law suit your insurance Co. -and everybody else- is better off

if your Rep is under your own coverage. If he's covered by a different insurance Co. his

insurance Co. might take a different approach and cause more litigation.

Our "Two Cents" Worth

We all have heard the expression "pro-active".

For the longest while we had an idea of what it meant. However, it was not as clear as it should have been until one evening, while listening to the news the reporter asked Mr. Netanyahu, the then PM of Israel, "What do you think Mr. Arafat will do?"

Mr. Netanyahu answered: "*I don't know what Mr. Arafat is going to do but I know what I'm going to do*".

We don't know what the Mfrs or the Reps, the competition, the economy will do. However, planning, having contingency plans, being prepared is what being pro-active all is about.

Thought:

**Plans are worthless.
However, planning is invaluable.**

Unknown.

Next issue, March 1, 2011,

Distribution: Last word in negotiating
Relationship, mfrs & reps (VI):
Rep agreements: Support programs

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