

The Thinking Salesman Letter

January 15th. 2012

Our Mission:

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

www.TheThinkingSalesman.com

Hello Everybody,

Interview with a Sales Mgr.

We interviewed **Mr. Gary Phillips** AHC*, Dorma's Regional Vice President East. We wanted to get a manufacturer's feedback on using independent manufacturers' Reps.

*AHC, Architectural Hardware Consultant.

DORMA Americas is a leading global manufacturer of architectural door hardware, specialty hardware for glass door and wall applications, door automation systems including Crane Revolving Doors, and Modernfold operable wall systems. DORMA Americas is part of DORMA Group Worldwide whose sales, for the 2010 financial year, were over US\$B1.1. They sell via distribution and use Manufacturers' Reps.

Reps. Why?

Why use Reps?

DORMA has been in business for over 100 years. We started with Reps because of the lower and variable cost they represent.

Over the years we have developed one of the most professional sales team in the Door Hardware Industry.

Do you have both factory sales people and reps?

Yes, we have a mixed model with 21 Independent Rep agencies. Our OEM National Account Manager takes care of OEM accounts which, anyway are outside of the normal market of the Reps.

Communications

How do you keep in touch/communicate? How often?

I communicate with our Reps often i.e. at least once a week. I also travel with our Reps, in each territory at least twice a year and for one week at the time. This gives me a good feel for both the Rep and their respective markets.

DORMA also issues field sales memos each month as needed for product and personnel updates.

Do you ask for (expect) reports?

No, I don't ask or expect monthly sales reports, because I receive project and market updates during our phone/email communication. It's understood that any change in distribution or personnel is reported quickly along with a plan to take advantage of these changes.

Communication with our Reps is important, and traveling all markets reinforces the importance of communication by validating our sales plans with our customer partners in each market.

What is your main method for finding or identifying potential reps?

I have been in sales in the Door and Hardware industry for 33 years and I continuously interview potential reps, just in case.

Pros & Cons

What are the main advantages of using Reps?

"Reps eat what they kill" i.e. Commissions are a variable cost, it varies with the results. Sales go down, less commissions, sales go up more commissions but you should have the sales to pay for the commissions

What are the main disadvantages of using Reps?

Lack of control, we know that DORMA is the main line for our Reps, but we continue to fight for more mind share and greater market share.

What do you do about it?

We try to increase their DORMA mind share through product/solutions training for our Reps as well as our customers. DORMA offers a complete line of Door Hardware, and we continue to improve and expand our product offering.

Commissions

How do you handle commissions on large orders when you have to reduce prices?

A pre-established sliding commission is part of the Rep's contract. As the price goes down, the commission rate goes down.

Do you have "house accounts"? If yes who handles them?

We have very few house accounts. These accounts are OEM's which are not part of our Rep normal market and are handled by our National OEM sales manager.

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How do you support your Reps?

Exhibitions.

We participate in the annual DHI National exhibition (Door & Hardware Ind.)

Web site

Our Rep's contact information is available on our website. Architects, distributors, anybody can contact them directly.

Others

Are you a member of any Rep associations?

No... maybe I should.

Which improvements would you like to see the most from your reps?

Focus on the aftermarket – such as renovation, build strong relationships with end users providing product and solutions.

Develop specification resources, and services to the Architectural Community

How and where do you see the rep method of going to market in 10 years? 20 years?

Reps and the variable cost (cost related to results) are key to DORMA's future. Rep agencies will have to provide a complete hardware and door package for our distributors.

How do you feel about Reps merging, forming super agencies?

It's a good idea for our Reps to merge to get stronger as long as it's not only to cut personnel but to expand both territorially and expand their value added services.

Anything else you would care to add?

I have a lot of respect for our Reps and the entrepreneur spirit they bring to the market place.

The Independent Rep model received some bad press over the past few years from manufacturers that wanted more control in the marketplace.

Rep Agencies need to be flexible and take advantage of our ever changing market opportunities, our Reps need to supply a

complete package and the services that go along with that offering.

Thoughts on this interview:

Dorma wants the best Reps and I can say from my field experience they're gang on.

Let's look at why:

First, they have a management who understands the going to market method they have selected.

Second, Dorma establishes from the start what they expect from the Reps and what the Reps can expect from them.

Third, communications are two way, open, non intrusive and frequent.

Add to these, Dorma's transparency. For instance, they publish on their web site their Reps contact information. They're not concerned the completion will "steal" them because Dorma makes sure they have up to date and good products and that they offer the best deal not only to the markets but also to their Reps.

Finally but not least note Mr. Phillips' positive outlook on the future of our profession. That's encouraging; thank you Mr. Phillips.

Al Brosseau
for The Thinking Salesman

Next issue, February 1, 2011,

Interviews with distributors (Part 1)

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