



Perfect business ethics in the eyes of a rep

By Harry J. Abramson
Electronic Salesmasters Inc.

In the broad spectrum of the word “sales,” salespeople are everywhere you look. Preachers exalt religion, teachers advocate education and politicians tout their beliefs in the hope of being elected. Salespeople all over the world promote the benefits of their products and services in the hope of making the perfect sale.

Manufacturers’ representatives, their principals and their distribution partners are dependent upon each other for success – that is a “given.” But, clearly, a successful relationship cannot be developed without trust, honesty and a foundation of ethical business practices. Ethics has become a hot topic in business circles recently as companies place greater attention to the bottom line. In some cases corporate corruption has emphasized the fact that our country’s business leaders have greedily compromised the Golden Rule for the purpose of wealth or, if you choose, unjust enrichment.

When ethical conduct is part of a business culture, people will more likely collaborate and share knowledge. Unfortunately, some of us may be involved with companies whose managers often practice a double standard. They have one set of morals and ethics for their business life and another set of ethics and spiritual values for their personal life – the ultimate hypocrisy!

Harry J. Abramson is President of Electronic Salesmasters Inc., Beachwood, OH. He can be contacted by e-mail at habramson@salesmasters.com

For trust to flourish among manufacturers, distributors and representatives, all three require a well-grounded expectation of positive behavior. Each entity must feel confident that their team values and respects the entire supply chain and all of its component parts (no pun intended). Unfortunately, this is not the norm at many companies. Neither, however, is distrust and poor business ethics. Most companies fall somewhere in the middle. The question is “Why is there so much distrust, greed and unethical conduct in the marketplace?”

The challenge for all reps, principals and distributors is to create widespread trust among our respective businesses. Are we losing the value of interpersonal relationships because we are sending e-mails instead of speaking to each other? Has globalization precipitated a whole new world of cutthroat competition that has caused our business people to compromise their integrity and values for the sake of capturing an order? Have stockholder demands for profit caused corporate captains to do desperate and unethical things? Reading the newspapers provides you with the very sorry answer.

Rep Ethics

Many professional sales representative companies establish their own

set of business ethics, which are a reflection of ownership, but not necessarily common throughout the industry. The perfect rep’s responsibility to their principal is to be honest and comply with the terms and conditions of their principal’s contract. This means you conscientiously cover the territory, avoid misrepresentation and line conflicts. Most importantly, you constantly strive to add value to the relationship between the principal and customer and ultimately deliver orders.

Pressure from sales managers and quotas are two reasons salespeople give as temptations to lie and deceive. This dishonest approach is counterproductive to what sales is all about. Skilled, knowledgeable, honest salespeople take pride that they do not resort to any underhanded methods to make a sale.

Principal Ethics

In a perfect world, ethics work both ways. It is the principal’s responsibility to enter into fair, clearly worded sales representative agreements, which address the needs, concerns and expectations of both parties. In other words, it has to be a “win-win” situation. Perfect principals refrain from arbitrary commission rate cutting and establishing house accounts. They do not modify the terms of the sales representative agreement unilaterally. Any changes should entail a discussion resulting in mutual consent. Timely responses and good communications are also a two-way street and not to be taken for granted.

Customer Ethics

Customer ethics are not to be left out of the equation either. Some unethical buyers do exist. Nothing irritates an ethical supplier more than dishonest “meet comp” scenarios. Most buyers are professional and ethical, but there are

those who practice this form of dishonesty. It is not clever or cute, but simply pure deceit. These imperfect buyers may be the same ones who are looking for favors (kick backs) and other unethical gestures. These are truly imperfect critics that exist in many industries. Perfect reps and distributors promote and advocate in their customers' best interest, while not compromising their principal/supplier. They constantly strive to improve the relationship between customer and supplier. They think clearly, deal fairly and communicate the needs of all parties in the business relationship.

What Ethical Reps Do

There are some golden rules among representatives, just like there are in other professions. Most common are (1) To refrain from soliciting principals from other sales representatives; (2) No hard line conflicts; (3) To refrain from using unfair practices to solicit customers presently buying from competition. Lastly, they enhance the professional relationship of the sales agency and our principals by supporting professional trade associations like MANA, ERA and NEMRA. They were established for the purpose of promoting the aims and objectives in every practical way to advance the interest of all sales representatives and their principals.

The growth of manufacturers' representatives was based on cost effective outsourcing, but also on high ethical values and an ever-driving entrepreneurial spirit to satisfy customers and principals. This should come as no surprise, since it is an essential ingredient for partners to mutually flourish.

The Big Question

Do some sales managers have a double set of standards when evaluating the performance of a direct sales force versus that of the outsourced manufacturers' representative? From my experience, I would say that it is a real possibility. There are many direct salespeople who tend to become tenured and tired, while manufacturers' reps scratch and claw for every order. You may wonder what this has to do with double standards. Easy - when a manufacturer's representative hits a home run, he is often told that his commissions will be reduced. When a direct salesperson lands the big one, he is rarely compromised with a lower in-

come or commission rate cut. Why is that?

Bad Perception

One of the issues is that some customers incorrectly perceive the representative function of a channel intermediary as an added cost, and try to decrease the cost of the product by forcing the supplier to eliminate the representative. These customers are not only blatantly interfering with the operations of the supplier, but they are most likely forcing increases in their supplier's operating costs. Outsourcing the sales function has proven to be far more cost effective. The perfectly ethical and wise customer keeps his nose out of his supplier's way of doing business.

Exploiting Power

Researchers have found that exploiting power with bad business ethics may be advantageous to the bottom line in the short run, but tends to be self-defeating in the long run. There are two reasons: (1) Exploiting power to extract unfair concessions can come back to haunt them if their position of power changes; (2) When companies methodically exploit their advantage, their victims will seek ways to resist or get even.

In the world of *repdom*, what is the nature of trust? How can it be defined? Some people define it as honor and dependability, but these two virtues do not always promote trust and ethical conduct. What really distinguishes an ethical relationship is the ability of both parties to believe that each is truly interested in the other's welfare. Perfect partners will not act without first considering the action's impact on the others company and profit.

History has shown that trusting business relationships are less likely to make changes and will perform to high levels of commitment, sales and mutual profitability. Trust and good ethical conduct bring other benefits as well. They create a reservoir of goodwill that helps preserve the relationship, especially in difficult times.

Benefit List of Trust and Good Ethics

- Trust helps facilitate full potential.
- Trust allows us to share confidential information.
- Trust helps to better understand each other's business.

- Trust breeds dedicated employees
- Trust helps retain a strong team.
- Trust solidifies relationships throughout the company.
- Trust builds friendship.

Good Perception

Selling is truly a respectable profession. It's the only way a customer can get a comprehensive perspective of a product along with someone who takes a personal interest before and after the sale is complete. So, why do so many people still have a cynical view of salespeople? One reason is that there are some salespeople who, like other professionals, are not good at what they do. Consequently, they take an unethical approach to the profession, which often results in behaviors such as exaggeration, pressuring and lying to existing and potential customers. These imperfect salespeople not only show a lack of pride in their profession, but they have little grasp as to what selling is all about. Sales is about problem solving, goodwill, referrals, repeat business and building a reputable name for their company and themselves. Most importantly, it's about ethics.

Poor Ethical Conduct

Companies that play the power game stifle their employees from developing personal relationships with their customer and supplier counterparts. Dogmatic management feels that such ties will weaken the resolve to push hard for the best possible situation. Companies that practice good ethics and trust, encourage personal ties with their partners, because they realize that it takes a long time to build and maintain solid partnerships. They realize that trust and confidence are a strong bond between reps, distributors and principals.

Credibility

Without credibility, we are spiritually poor and probably lack self-esteem. If you practice good business ethics and live the Golden Rule - congratulations! If on the other hand you are doing business with unethical principals and/or customers, you may want to re-evaluate your relationships. Are they a necessity in your business life? Do they bring you happiness, or are they simply stress factors? Haven't we been inundated long enough with double standards, poor ethics and dishonesty? In

See ETHICS, continued to page 16

the eyes of this rep, I believe that it is time for introspection and re-evaluation of our own values and virtues.

Summary

Salespeople play an enormous role in making things happen. They are the engine of our economy and yet they have to overcome the negative perception that some salespeople will do anything to make the sale – even lie. Harsh words – but, if you present yourself as a professional, this perception will be non-existent.

Perfect ethical behavior is not only what principals and customers want – it's what they deserve! It's the only way to maintain the professional image and good name that professional salespeople have worked so hard to establish. •