

- Can principals achieve perfection?

The perfect principal in the eyes of a representative

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Is there such a thing as a perfect spouse in a perfect marriage? Do you drive a perfect car and live in a perfect home in a perfect neighborhood? May I dare ask – Do you have perfect children, who receive perfect grades and who give you the utmost of perfect respect? The answer is obviously a resounding NO! I may not know you, but I do know that there is no such thing as perfection in our personal lives. Nonetheless, you and I strive for it.

Now let's look at the business side of our professional lives. As a manufacturer's representative, a proud and noble livelihood, I, like other reps, strive to engage with perfect manufacturers (principals). The word engage is probably very appropriate, since we felt that our fiancée was as close to perfection as is humanly possible. But au contraire! Once we got married, we may have experienced the sudden shock of stark reality. He or she wasn't so perfect after all. And that applies to the rep/principal relationship as well. There isn't any such thing as the perfect rep or the perfect principal, but we never stop looking! Reps have a vision of the perfect principal and I'll share mine with you.

IDEAL QUALITIES

There are numerous qualities that would be inherent in the perfect principal. I'll list and review some of them with you.

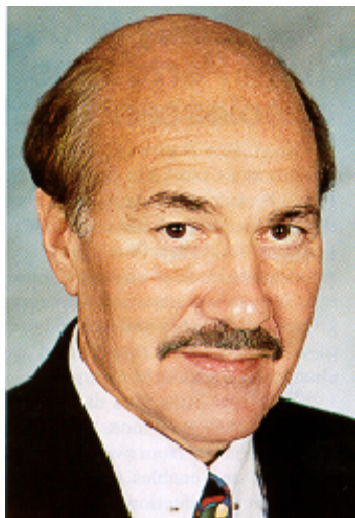
1. Respect
2. Understanding
3. Support
4. Quality Products
5. Quality Service
6. Leadership
7. Market Pricing
8. Communicative
9. Education
10. Rep Advocacy
11. Fair Contract & Compensation
12. Partnership Mentality
13. Integrity

RESPECT

Respect doesn't work unless it is mutual – a two-way street. Perfect principals view and treat their reps with the same degree of respect that they receive. The perfect principal sees reps as peers, not peddlers. They realize that reps are just as educated, sophisticated and motivated as they are. Reps and their principals both aspire to the same goals and successes. They work every bit as hard, if not harder. If they don't perform, they don't get paid. Reps want to sell more for their principals and are not "independent reps" when it comes to success. **PRINCIPALS AND REPS ARE INTERDEPENDENT!**

UNDERSTANDING

I believe that most perfect reps strive to understand their principals' business – they must in order to be successful. Likewise, perfect principals try to better understand the rep business. As reps, we have to better educate them. Reps can't just leave it up to our great trade associations like ERA, MANA, NEMRA, etc. Perfect principals and reps take the time to figure out what makes each other tick. Reps have to express their goals and problems. Reps want to have



Harry Abramson

financially healthy principals and our principals should want the same for their reps.

SUPPORT

It takes a team to "make things happen." The team consists of the rep, principal and, in many cases, the distributor. For the purpose of this article, we'll focus on the rep/principal aspect. The "perfect distributor" will be discussed in the next issue of EDT. In regard to support, some manufacturers are sensational while others fall short – they run the full gamut! Unfortunately, many of the poor performers see themselves as perfect. Scary, isn't it?

Below is a wish list of the ultimate and perfect principal support:

1. Products: Always perfect
2. Technology: The leader
3. Delivery: Always on time
4. Pricing: Never an issue
5. Samples: As soon as needed
6. Responsiveness: Immediate
7. Technical Support: As required
8. Web Site: State of the Art
9. Customer Service: Second to none
10. Training: As required for new employees, new products and distributor partners

QUALITY PRODUCTS

Who said quality is a "given"? Products are no more perfect than the people who design and manufacture them. Reps sell their entire line card with total commitment and a sense of product excellence. Perfect manufacturers strive for continued improvement of quality and value. Perfect quality is not to be taken for granted – it is still a goal.

QUALITY SERVICE

Service is truly a team effort! This means being communicative and responsive – both ways. Be verbal, and document. E-mail makes it easy. Today more than ever before, products are looked upon as the same or similar. Accordingly, the edge heavily weighs in the "service area." Reps desire lines that make their customers "deliriously happy" with great service. It often warrants and justifies greater margins. We all know how precious each margin point is to the bottom line.

LEADERSHIP

Leadership is what gets suppliers "preferred vendor status." It is the force that takes one to the "leader of the

pack” or, better yet, sets you a “breed apart.” It makes your product or service stand out. It makes you “customer friendly” and innovative. Leaders set the standard throughout their company and the industry. It brings business because you’ve earned the recognition as “the leader”. Reps long to represent the “industry leaders”.

MARKET PRICING

Good reps don’t expect the lowest prices. They want to sell fabulous products at fair market value. If the principal senses their reps sell on price, it may signal a professional incompatibility. Frankly, I have no room in my professional life for “price predators”—be it reps, manufacturers, distributors or the Jolly Green Giant.

COMMUNICATIVE

Communications are ideally proactive, open and honest. Perfect principals do not feel slighted if they don’t talk to their reps as often as before. Why? Commission rate reductions have forced reps to take on more lines, thus diluting mind share and time share—and yes, TALK TIME. Reps are accountable to their principals on all opportunities. However, it’s a two-way street. Reps need to be notified of problems as they happen. They should not have to be informed and surprised by their customer, especially on late deliveries or quality issues. In regard to commission rates, reductions due to profit margin issues should be discussed before the customer is quoted and not after the order is placed. Unfortunately, this is often not the case.

EDUCATION

Product application knowledge is part of the educational foundation on which perfect principals build. It is an ongoing program for both new products and old, and is always presented to new rep firms as well as new employees at existing rep firms. The more knowledgeable reps are about their product lines the more productive they become. The perfect principal is aware of this fact and serves as an “educator.”

REP ADVOCACY

Kudos to those manufacturers who recognize and appreciate the viability of outsourcing the sales function. It is truly the most cost-effective approach to an efficient and professional sales effort. Once a company is committed to using reps, all parties should buy into it.

That includes the “bean counters”, who may be issuing some very large commission checks, and any other envious parties. Reps should be looked upon as an inherent part of the same team and not as an outsider or “necessary evil”. If those thoughts are uttered, they should be immediately suppressed by managers who had the wisdom to utilize manufacturers’ reps as their sales engine.

FAIR CONTRACT AND COMPENSATION

Being a representative, I would not want this paragraph to appear to be self-serving. More importantly, I want it to be looked upon as good business practice. The perfect principal has an equitable contract with fair commission rates, which are paid in a timely manner. The perfect principal does not have house accounts and does not arbitrarily reduce commissions because they feel the rep is making too much money. Team members revel in their mutual success and the perfect principal does not have a sense of greed.

PARTNERSHIP MENTALITY

The perfect principal considers and treats their reps as part of the family. They practice the golden rule and do not have “double standards.” They value their rep’s opinion and utilize rep councils. They strategize with reps on significant business opportunities. They don’t point the finger at the rep if they lose the order. On the contrary, they say “WE lost the order.” When WE win, they congratulate us, as we do them. In other words, we win as a team and we lose as a team. We share both the good and the bad.

Perfect principals and reps are profit partners. If margins are low, the rep’s commission rate may be affected. However, the percentage of the commission reduction ideally does not exceed the percentage of the gross profit margin reduction. At the very least, commissions are negotiated and not dictated or mandated. Partnerships are intended to be fair to both parties and not selfish or self-serving.

INTEGRITY

I wish this were a “given” and in most cases it is. It applies to all of the supply chain partners: suppliers (principals), distributors, reps, OEM’s, CEM’s, B2B’s, brokers and the entire brigade of intermediaries. It encompasses the buyers of spare parts to those with billion dollar budgets. It includes the MRO distributors to the global

giants. Dishonesty has no place in our great industry, but good ethics does. We should all be introspective. Most of you have heard the expression, “Be honest to thine own self.” I’ll dare to expound on it and say, “Be honest to thine own self and to thy customers and supply chain partners.”

SUMMARY

As business people we try to do things as perfectly as possible. However, we should be realistic enough to know that neither people nor companies are perfect. Principals are no more perfect than their imperfect reps. The important thing is that we collectively strive to serve our imperfect customers with the perfect product and service. Let’s respect each other for our strengths and help each other to improve and overcome our weaknesses.

Let’s win, grow and strive for perfection TOGETHER!

THE PERFECT PRINCIPAL CHECKLIST

1. Understands the rep function
2. Has a history of rep stability
3. Has a stable management team
4. Has a fair contract with tenure considerations
5. Has fair commission rates that are paid on time
6. Grants exclusive territories
7. Has no house accounts
8. Has sample cases
9. Has great regional sales managers who are business people
10. Has technical field support/field-application engineers
11. Has an ongoing training program
12. Develops exciting new products and knows how to introduce them
13. Utilizes a Rep Council
14. Helps track split commissions
15. Generates prequalified leads and sends them to reps immediately
16. Exhibits at appropriate shows
17. Co-ops promos
18. Has a great interactive web site for technical issues
19. Has Internet capability to check stock, shipments, special pricing, etc.
20. Has a stock option program for reps.
21. Recognizes exemplary performance.