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## The Perfect Rep Council in the Eyes of a Rep

*Perfect Rep Councils communicate, collaborate & develop great things.*

**D**o manufacturers who outsource the field sales function miss out if they do not use a Rep Council? Absolutely! Do companies with a direct sales force miss out? Without question! Are Rep Councils a passing fad? I hope not! Do principals and reps use Council meetings as a self-serving platform? Read on and you will find out.

Rep Councils are not new. They have been around for at least 30 years. They became very fashionable in the 90's, when they enjoyed their "peak of popularity". Are they fading out? Yes, in some cases. Should they? Definitely not! This article explores the virtues and pitfalls of Rep Councils and how one can be an indispensable marketing and sales tool.

Most manufacturers and representatives who have utilized Rep Councils already know that they can be a priceless tool to grow their business. Is there such a thing as the perfect Rep Council? Obviously not, because they are comprised of imperfect people employed by imperfect manufacturers and representatives. However, they are as perfect a group as our industry assembles, and they should be. The Rep Council is often looked upon as an advisory board to help chart a course to a principal's success. They, allegedly, are comprised of the most perfect representatives, who are clear thinking and have creative sales and marketing minds. The principal has the cream of his crop on his Council, as well. It typically consists of the President, VP of Sales and the National

Sales Manager or any combination thereof. Invitees are also an option, such as: VP of Engineering for new product considerations, VP of MIS for improved systems – including split commission tracking, and Operations personnel for cost efficiency and yield issues.

### THE REP COUNCIL PROBLEM

I have been honored to participate on numerous Rep Councils that have run the full gamut of great to ordinary, but I always considered them to be a positive experience. Like fine wine, rep councils get better with time, but unfortunately that's not always the case! Why not? Easy – the inaugural Rep Council typically consists of the sharpest minds from the field, and they tackle the hottest and most important issues first. Subsequent meetings often consist of more mundane subjects with more average reps. The challenge is in how the perfect Rep Council can prevent this from happening. How do they stay vibrant, alive and beneficial? This requires thoughtful planning and foresight. It sometimes entails long term retention of an exceptional rep chairperson, who keeps the meeting moving and stimulates fresh ideas.

### THE ISSUES

Principals and representatives want productive Rep Council meetings, and that is truly a challenge. Perfect Council meetings are NOT gripe or bitch sessions. Emotions are to be left outside the room – especially on economic issues. Below is a list of Rep Council criteria:

- Topics: timely and not self serving
- Participants: uninhibited and honest
- Preparation: well-planned with plausible solutions
- Action Items: must always be assigned
- Communications: minutes to be expeditiously distributed to Council members and all representative firms
- Next Meeting: where and when

### TOPICS

The perfect Rep Council does not avoid controversial subjects, especially those dealing with fair commission rates, tracking issues and the Sales Representative Agreement. If manufacturers and representatives are truly partnered and respect each other, open and frank

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discussions will not be a problem regarding some of the following issues:

- Tracking Commission Splits
- Fair Commission Rates
- Monthly Reports
- Global Account Management
- New Product Ideas
- New Marketing Strategies
- Evaluations (Mutual)

Most fair-minded principals and representatives are willing to negotiate commission rates if the principal has significantly reduced the profit margin. However, the percentage of reduction is ideally consistent with the principal's reduced GPM. This is where the term "partners in profit" comes into play. The same premise can work in reverse. Wouldn't it be great if the representative was rewarded for delivering higher gross profit margin business?

At the perfect Rep Council meeting, the representatives should feel that they can candidly express themselves without fear of reprisal or recrimination. The perfect principal will value this input and should be amenable to implementing changes based on recommendations that make good sense. If nothing more, the perfect principal should sleep on it.

#### **PARTICIPANTS**

Perfect Rep Councils do not necessarily consist of the principal's largest sales volume rep firms. They typically have 4 or 5 members, who are rep firm presidents from different regional geographies, i.e. northeast, southeast, central, west coast and/or southwest territories. Their terms on the Rep Council are ideally staggered for the sake of continuity and consistent with ERA or MANA guidelines. Do you mix distributors into Rep Council meetings? Not recommended! There are too many self-serving issues that can be handled separately. Besides, there could be a colossal collision of egos. However, key distributors can also be invited for their input on critical issues, such as distributor policies and best distributor practices. Can you imagine the subject of demand creation coming up at a rep/disty Council meeting? Everyone wants ownership for successes, but it invariably boils down to a team effort.

#### **PREPARATION**

The perfect Rep Council determines the topics for the next meeting before the present meeting adjourns. Well-planned

agendas are essential. Rep Council members are assigned various rep firms within their geographical responsibility to solicit input. Feedback from the field is later presented to all Council members with anonymity. Unfortunately, the imperfect principal seeks to learn the identity of negative critics and asks, "Who said that?" Confidentiality is essential, and the perfect principal does not personalize negative or constructive comments. He uses them for the betterment of his company.

#### **ACTION ITEMS**

Action items typically are an area where many Rep Councils fall short. Often they are not assigned – or, if assigned, not followed up. Therefore, worthwhile topics are left unresolved. This never happens with the perfect Rep Council. Tabling issues is unproductive and even disrespectful – every topic should have some degree of closure.

#### **COMMUNICATIONS**

The perfect Rep Council has members who communicate issues to all of their colleagues, be it with the principal or with other rep firms. Solid communications are essential for everyone to benefit from the value of the Rep Council. Otherwise, it will be looked upon as another frivolous meeting at some fancy hotel or resort. This is precisely what a Rep Council is NOT.

#### **LOCATION**

The perfect Rep Council meeting is typically held at an offsite facility that is easily accessible. Amenities and frills are not necessary, but obviously there should not be any compromise between the quality of the meeting location and the Council members' own lifestyle (creature comforts).

#### **A PERFECT REP COUNCIL IS WHAT?**

A perfect Rep Council is an advisory group of representatives assembled for the express purpose of mutually ben-

reps provide feedback from the field, which may be the basis for future plans and decisions. They share the successful ideas and programs used by their other principals and share the programs that were ineffective. A perfect Rep Council is sometimes a forum for sensitive issues and handles special projects.

Often Rep Council members contribute new product ideas and innovative

marketing and sales programs. Above all, they are designed to help perfect the rep/principal relationship.

There are times when special meetings are called to deal with a crisis or confidential matter. Rep Council members see this as an opportunity to convey feedback from the field with complete candor and without "sugar coating."

#### **WHAT A PERFECT REP COUNCIL IS NOT**

Rep Councils are not assembled to tell the principal how to run their business. They are not a decision making body, but they may influence a company's direction. Members are not participants because they are somebody's buddy, but because they are willing to contribute to the company's growth. Participation is an honor, not a chore.

#### **LOGISTICS**

The perfect Rep Council does great pre-planning prior to discussing important issues. It is important that rep members are allowed the opportunity of a separate "pre-meeting". This should not be a problem for manufacturers, since they work together and can collaborate. Good Rep Council meetings have good facilitators, who typically are the Rep Council president or chairman. That person makes sure that all participants interact freely and that no one dominates the meeting. He maintains enthusiasm and decorum. Also, the appointed secretary takes copious minutes. Perfect Rep Council meetings:

- Do not put reps on the defensive
- Do not put principals on the defensive
- Do not deal with personal agendas
- Do not convey a fear or reprisal

#### **PROFITABILITY**

The perfect Rep Council realizes that profitability is what our businesses are all about. The underlying theme of all Rep Council meetings is improving the profitability of principals and their representatives. The entire dialog ideally expresses ideas, programs, products and services that will enhance the bottom line. The perfect Rep Council realizes that the implementation of good ideas will fuel increased sales. The perfect principal realizes that commission rate cuts are not the answer to increased profitability any more than a salary cut would be to his own staff.

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### REPS ARE THE EYES & EARS

Most principals contend that reps are their eyes and ears in the marketplace. Unfortunately, they do not ask the Rep Council members for important feedback, such as the following:

- Competitors' weaknesses as perceived by their customers
- Competitors' marketing and sales strategies
- Competitors' market size, shares, growth rates and dynamics

- Competitors' view of the market in your territory
- Competitors' new technologies and productivity
- Customers' satisfaction levels
- Customers' rating of competitors
- Customers' unmet needs
- Market trends and opportunities

The above criteria are some of the issues that can improve your company's performance and develop a marketing/sales plan. If the feedback is good, the resulting business plan should be terrific!

### SUMMARY

Perfect principals take advantage of some of the great minds in their field sales force. They can save "big bucks" by not having to use high-priced management consulting firms. Rep Councils have proved to be the smart approach to tough business issues. Please use them – you'll be glad you did. ■

