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When you don't make the numbers, who's to blame - In The Eyes of a Rep

When sales slump, the fingers start pointing. From the President to the VP of Sales, the VP to the Sales Manager, the Sales Manager to the RSM, the RSM to the Sales Reps. Isn't this the age old model for both manufacturer's reps and distributor salespeople? It is otherwise known as the trickle down syndrome, but in today's wonderful world of electronics, there is much more to the story. Read on and you may learn how to better understand and deal with confrontational sales management when they point their fickle finger at you. More importantly, you may learn who's really to blame.

The Incredible Shrinking TAM

In previous articles, I pointed out that the North American TAM is less than 50% of what it was seven years ago. Its effects have been profound! Only one third of rep firms have survived, and distribution is now dominated by just a few players. There has been a distinct trend towards catalog houses, due to lean engineering and purchasing initiatives that OEM's and CEM's have put in place.

Does sales management get it? Of course they do, but they don't necessarily acknowledge it – so much for a walk down reality road. Some sales managers are Pavlovian when they keep using the previous year's sales and tack on an additional 10%-15% for the next year's quotas and forecasts. They fear losing their job if they submit a lower forecast. Even if the boss sees a market slump, he's apt to say "Grow market share! If the sales force can't – FIRE THEM! If you can't – YOU'RE FIRED!" Sounds like Donald Trump, doesn't it?

The best and the brightest sales managers stand their ground when it comes to explaining regressive market conditions to their management. They

support their reps and RSM's while not compromising their own integrity.

However, the shrinking TAM and DTAM's are only superficial reasons for not making the numbers – they are not the cause.

What is – Is!

In today's world, when sales reps send in forecasts, it's not surprising to see a downward trend. Sales reps try to submit clear and accurate forecasts which they derive from the customer – they are not a rep's WAG (wild ass guess). The fair minded sales manager accepts it for what it is. Conversely the stubborn, bulldog sales manager may demand that it be jacked up. Then, when the forecast or quota is not met – WHO'S TO BLAME? Unfortunately, the obvious answer is – The Sales Rep.

Pointing Fingers

When your principal's sales are down and you are not making quota, it's easy for sales managers to point a finger at their front line sales reps.

Accusations start to fly, i.e.; "You're in the office too much, instead of being in front of the customer", or "You aren't doing enough planning", or better yet, "You are not asking for the order" – this

is an insult to seasoned sales professionals.

There was no finger pointing when business was good. When the economy weakened, some sales managers put the sales team on the defensive. Instead, they could have collaborated on how to effectively grow market-share. In today's world of electronics, poor salesmanship is rarely the only reason for not making the numbers!

Tracking Split Commissions

There are thousands of salespeople whose customers have outsourced or off-shored their biz to China or other slave labor rate countries. You understand, but does your boss understand? How about your bosses' boss? Too often we hear the comment, "Make it up somewhere else". To make matters worse, many principals do not do a good job of tracking split commissions and this only compounds the issue.

Is the WTO to Blame?

You're getting warmer, because in part, the World Trade Organization is somewhat to blame. To a greater extent, our own government was complicit in promoting the establishment of the

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WTO. We even encouraged and facilitated the surge of manufacturing in the Pacific Rim, especially China. The WTO was dreadfully remiss in allowing China to lock in the value of their Yuan to our dollar, as well as imposing tariffs on U.S. imports and exports. As you know by now, there is total and abusive disregard for intellectual property and patent rights.

Our government promoted the WTO, as well as NAFTA, CAFTA and GATT as something good for America but it clearly benefited foreign governments and global corporations. Ultimately, it further stimulated outsourcing and off-shoring. This resulted in the loss of millions of well paid manufacturing jobs as well as huge trade imbalances. Would you support these acronymic trade organizations if you had it to do all over again – I doubt it!

This author is an advocate of free trade but without taxes, tariffs, barriers or restrictions. It's now clear to many businessmen that the Communist Chinese are setting "the terms of trade" and the benefits are predominantly one sided.

Ten Reasons to Blame the WTO

1. The WTO prioritizes trade and commercial considerations over all other values, i.e.; human rights.

2. The WTO undermines democracy by shrinking the choices available to democratically controlled governments

with violations punishable with harsh duties, taxes and tariffs. The greater their strength, the higher the price.

3. The WTO actively promotes global trade, even at the expense of efforts to promote local economic development here in the U.S.

4. The WTO forces Third World Countries to open their markets to rich multinationals and to abandon efforts to protect domestic industries. Hence the rush of capitalists to China and their neighbors.

5. The WTO blocks countries from acting in response to potential risk regarding health and environment concerns. Examples are contaminated pet foods, toothpaste, crayons and lead laden toys.

6. The WTO establishes international health, environmental and other standards at a low level through a process called "harmonization".

7. WTO tribunals rule on the "legality" of nation's laws, but carry out their work behind closed doors, i.e.: The Communist Chinese government.

8. The WTO limits government's ability to use their purchasing dollars for human rights, environment and worker's rights. Too often the WTO operates with an open eye regarding profits and a blind eye regarding everything else.

9. WTO rules do not allow countries to treat products differently based on how they are produced – irrespective of whether they were made with brutalized

labor and workers exposed to toxins – they have no EPA.

10. WTO does not clamp down on patent infringement or the theft of intellectual property.

- In summary, the WTO is part of "who's to blame".

- In summary, our government is part of "who's to blame".

- In summary, we are part of "who's to blame" for not yelling and screaming when our government and corporations outsourced manufacturing jobs and services which started the demise of our loyal, hard working, middle-class, blue-collar citizens.

Summary

There was a time when the U.S. was the manufacturing giant of the world.

Those days are clearly gone. In today's world, China is the factory floor and, unfortunately, our country's muscle and respect has greatly diminished. We are more dependent on the Pacific Rim nations than they are on us.

Hopefully our country will retain critical manufacturing segments like medical and Mil/Aerospace, but from all indications, outsourcing of production and engineering is already full speed ahead.

Who's to blame? WE ARE for supporting a weakly structured WTO.

Admittedly, our workers are not the cheapest in the world, but they certainly rate among the best. Now it's up to us to keep them busy.

