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Why Sales Managers No Longer Aspire to Become Reps

Not long ago it was commonplace to hear that sales executives had appointed themselves as manufacturers reps in some of our country's richest territories. That was then, but clearly, it's no longer the case. This article explains why, and it's based on conversations and interviews with dozens of sales management professionals.

Just why have sales execs ceased going into the rep business? There are numerous reasons and this article will explore many of them. It is not intended to slight sales managers, because they have provided guidance and education to the rep world. The question is, are sales managers now averse to becoming sales rep professionals? I trust that you'll read this article with objectivity.

JOB SECURITY

One sales manager stated that his company recycles reps on a continuing basis. To that point, he said, "The average rep tenure was three years, so why would I venture into such an insecure business?" This author contends that if the aforementioned sales manager made better rep choices, his company would have a stable and more professional sales force. Sorry Mr. Sales Manager, but that's a weak excuse!

COMMISSION RATE CUTS

Another common reason that sales managers no longer aspire to be reps is commission rate cutting. One sales exec stated, "I would not want to be on the receiving end of a commission rate cut anymore than I would a pay cut. It pains me to dis-incentivize my reps. I'd be devastated if it happened to me." Clearly, diminishing commission rates have contributed mightily to a shrinking rep community. As I've said before, the survivors are the best and the brightest.

SPLIT COMMISSIONS

Splits are a monster issue in this era of rampant globalization. This is especially true for those reps who sell their principal's products in North America, but the end product is manufactured in Asia, typically China and other low-cost labor countries. This affects reps that win designs in the US, but are ultimately dependent on their Asian counterparts to win the order. Obviously, there's no guarantee of successful salesmanship, or as one sales manager stated, "I may also lose the biz to a counterfeiter." When we speak of split commissions, one sales manager said, "It adds fuel to the fire." What he means is this if commissions were not low enough; splits higher reduce a rep's return on time and investment. Several sales managers stated that they don't know how reps cope with lower commissions when exacerbated by splits. He went on to say, "It must be a rep's nightmare and it's not for me."

TRACKING ISSUES

Some reps feel that tracking is their biggest issue of all. They claim that it is a matter of blind faith and they pray that they have perfectly ethical principles with principals. Some sales managers have thrown in the towel and say it's too expensive to track, while others have developed creative solutions to help placate and pacify reps for their efforts. I applaud all tracking programs

and alternative solutions. Some sales managers state that lack of tracking is unfair, but their accounting departments won't help or have no empathy. Little wonder that many sales managers are turned off to repdom.

MONTHLY REPORTS

My favorite sales manager's comment was, "I don't read them, and therefore, I would not want to write them." How's that for the epitome of hypocrisy? He went on to say that good reports are not the measure of a good sales rep or rep firm. He also said he does not require reports from top performers because it takes away from critical selling time. I say, "Smart move Mr. Sales Manager."

FREQUENT TERRITORY VISITS

Some sales managers said they travel as required and do not believe in quarterly visits. One admitted that he considers his RSM to be a "rep pusher." This is a sad comment from a weak sales manager. Thank goodness we no longer rep this company.

GOLF OUTINGS

Almost all the sales managers I interviewed considered golf outings to be a fringe benefit, but some said that they had no time for them. And finally, some considered them meaningful when paired in the right foursome, however that may be the exception and not the rule.

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Unfortunately, most of the tax advantages and incentives of owning a rep firm have been taken away by IRS. Unfortunately, the majority of rep owners that I spoke with stated that they would not start up again in today's business climate.

So, little wonder that top performing sales executives no longer entertain launching their own rep business. For that matter, there are diminishing rep firm "start-ups" across all industry segments.

EXPENSES

Some sales managers stated that the rep business has far too many expenses and is therefore unattractive. When asked what kind of expenses, they rattled off: Rising health care insurance, gas and airfares. What they mean is overall inflation. Lou Dobbs states we have a vanishing middle class and I fear that many a rep falls into this category.

SELF APPOINTMENTS

Years ago, it was not unusual for sales executives to use their influence to approach rep firm principals and negotiate a partnership. This was based on the fact that they would bring their product line with them as part of the deal. This tactic made for easy entry into the rep

business as a part-owner without feeling the "start-up" pain. Even this path is no longer attractive to the factory sales executive and is further evidence of how they feel about the rep business.

Business Acumen

Many of the sales executives that I spoke to in confidence, told me that they felt unprepared, or unqualified, to manage a rep business in today's challenging economic environment. They felt overwhelmed by the thought of being their own Sales Manager, Marketing Manager, Recruiter, Accountant, PR Manager, Payroll Clerk, Financier, and often time, Janitor.

They know enough about repping to question how one person can keep all of his business balls in the air, while maintaining a healthy revenue stream. They realize that the perfect rep aspires to satisfy all of their principal's needs and demands. Little wonder why the glamour of owning a rep business is less appealing nowadays.

OTHER CONCERNS

Some sales managers stated reasons like:

- "We are losing our manufacturing base."
- "You guys are on webinar overload."
- "Loss of critical industries, such as automotive."

• "We have lousy rep contracts and I'm man enough to admit it."

• "Too many M&A's. I'd feel insecure with both principals and customers."

• "How could I reconcile commissions when we don't send invoices, acknowledgements or shipping notices?"

• "I don't think my ego can handle the rejection that reps have to put up with."

• "When I'm on the road, I miss the comfort zone of my office."

• "I'm not sure that I can build an organization."

• "I won't have anyone to delegate to."

• "Where am I going to find peak performers?"

CONCLUSION

I believe that the bottom line is this; very few sales managers enter the rep world because they see it as an "Extreme Job" for which they do not have the drive or energy to tackle. That implies they are not prepared to work a 70 or 80 hour week, or they may not have an appetite for rejection. Additionally, they may not be up the challenge, and that's okay! It's a rep's job to fuel the growth of our country's economy and make these same sales managers look like heroes.

