

GUIDELINES FOR BECOMING A SUCCESSFUL REP

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ELECTRONICS REPRESENTATIVES ASSOCIATION

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Becoming a rep is easy ... succeeding at it? Not so much!

It is a rather simple matter to become a manufacturers' outsourced field sales representative. Maybe that is why so many try it. Its simplicity lies in the popular beliefs that:

- It appears to afford a great opportunity for making a good living.
- It is easy to *hang out your shingle*.
- It takes relatively little capital.
- You don't even have to buy letterhead, envelopes, business cards, etc. With today's computer technology, these can be produced in-house.
- You can even start out with a home office.
- Generally, there are rep firms for sale.
- All it takes is *hitting the street* with a line or two and *selling*.

So, all you do is sell yourself to success! Pick up another couple of lines and then, one day (soon?) you'll be making yourself a good living. Before long you will probably lease some office space and hire an assistant to look after things in the office while you are out selling. You can do your office work at night — maybe even at home in the evening. Then, before you know it, you'll be hiring a salesperson to lessen your load and increase sales. Wow, is this rep business simple!

Actually, starting is NOT so simple. There are a few more things you must consider at the outset:

- Have a vision for your business mission in the marketplace. *For any business to succeed, it must be dedicated to performing a useful/beneficial service to the business community it desires to serve.*
- Have financial staying power. Be prepared to have financial capability (or access) sufficient to cover living and business expenses for at least one year.
- Have the support, understanding and encouragement of your family.
- Be prepared to sacrifice personal time and pursuits to business needs and demands.
- Be prepared to deal with accountants, attorneys and bankers (even neighbors and friends) who do not understand your business. (By the way, it is virtually impossible to explain the rep business to an IRS auditor.)

Now that you are in business, is it really simple to be a successful rep? NO! It's the getting started that seems simple, but being successful at it presents a different challenge. First of all, you must do the right things correctly ... but do you know the right things to do, much less how to do them properly? Where do you go from here? Where do you learn? You see, the challenge really begins at the outset.

There appear to be two basic types of manufacturers' reps ... salespeople who are in business and business-people who are in sales. Quite frankly, it is the latter who have the best shot at being successful. It is very difficult to simply sell yourself into success. Rather, it is essential that sound business principles be

adopted at the outset, using sales as the vehicle to accomplish and sustain them. At the same time, recognize that the rep business is different. It is not your ordinary business. Thus, special rules and practices prevail. Let us look at some of these rules and practices and why they exist in the rep business.

A rep is NOT an independent businessperson.

That's right. You are not independent. A rep business is an **interdependent** enterprise. Its operation and success are dependent on its success with its principals and customers. Without the basic cooperation and assistance of its principal(s), a rep firm cannot continue to exist. Without the good will of (and effectiveness with) the customer, a rep firm cannot continue to exist. All too often we see and hear rep firm owners stress their independence. All too often we see these rep firms cease to exist.

The firm's sales philosophy, policies and procedures must be in concert with those of the principals. Simply put, the rep must be flexible enough to operate effectively utilizing varied sales philosophies, policies and procedures. One set of rules just simply won't cut it!

A rep's business is a *people business*.

History tells us that the dominant companies in the airline business should be the old railroad companies. They aren't for one simple reason: They believed themselves to be in the railroad business rather than the *transportation business*. Had they made a simple change in mind-set, today we would undoubtedly be flying Santa Fe Airlines instead of American. The rep is in the *people business* rather than just the principal-to-customer sales business. Never, ever forget that.

The rep business is a lot more than just selling.

Let's look at the earlier comment, "All you do is sell yourself to success!" Well, this is not entirely true. Yes, the rep is in the sales business. Without effective sales, the rep cannot attract and keep principals, much less make a living.

Back in the early formative days of the electronics rep business, about all that was expected of reps was to send purchase orders back to the principal. Once the order was shipped, a commission check was issued. Looking back at the "contracts" of the 1930s and '40s, this is rather obvious. Not any longer.

Today's rep is expected to do much more than just secure orders. The rep is now the eyes and ears of the principal in the territory. The rep is the marketing and market development manager and representative of the principal in that territory. Therefore, regular feedback regarding customer and potential customer activity, plans and development have become the norm. Most principals now demand to know virtually everything that is going on with or is planned by their customer base. And this input must be in detail. To further complicate the issue, much of the actual manufacturing of the customers' designs is farmed out to contract manufacturers both in this country and abroad. So accurate tracking of the results of rep design-in efforts becomes an absolute necessity so that proper commission credit is awarded. All of this requires not only a lot of fact and data gathering, but also an enormous amount of time and investment in adequate computer technology.

Add to all this the fact that many, if not most, principals of today demand the ability to communicate with their reps immediately and you see the requirement for cell phones, pagers, notebook computers, PDAs, etc. All of these requirements seem to dispel the belief, "It is easy to *hang out your shingle*. It takes relatively little capital."

Professional outsourced field sales is a *profession*.

That's right! Being a rep is a profession rather than an occupation. So be prepared: to commit to continuing education; to stay up-to-date in every respect of business practice and management, the profession and your industry; and to live with the fact that the only constant in the rep profession is change!

There are some rules of the road as regards to being a rep. Many of them relate to the fact that *the profession is perhaps one of the most misunderstood of the business world.*

It was previously stated that the rep must deal with others who do not understand the business. This is true of your neighbors, friends, family members and even many of your customers. (Many principals don't really understand the full nature of your business either.) Most commonly, these folks interpret the profession as being a distributor or broker – a marketing channel – one that adds to the cost of goods sold (just a “*five percent*”). So, you learn early in the game that about the only people who understand the rep business are other reps.

Reps tend to be of a different breed. They understand one another. They are willing to share their experiences with others – often even with their competitors. Therefore, it is incumbent that you show respect for other reps. This is done largely by: maintaining their confidence; sharing with them; not soliciting a principal they are currently representing; not maligning them, etc. In other words, simply follow the golden rule. The rep world is rather small — remember and respect that.

Now let us get back to the subject of *professionalism*. In so doing, remember that part of the definition of being a professional is continuing study. This requires not only a great deal of personal time but also some searching for sources of material and institutions of learning. Unfortunately, there is no “Rep 101.” A glance at the textbooks used in marketing courses today reveals that the extremely small amount of space devoted to the manufacturers' representative has not significantly changed since the 1950s! Furthermore, this bit of “information” was flawed when written, so it is much more inadequate today. The profession is so much more advanced today than it was back in the '50s, and yet virtually nothing is being taught about it in business schools. Not to worry. There are sources available to the rep for your basic and continuing education. Let's take a look at the two prominent and authoritative ones:

Electronics Representatives Association (ERA)

ERA is the only trade association in the world dedicated to *promoting, protecting and improving* professional outsourced field sales organizations (manufacturers' representatives) in the electronics industry. To fulfill its mission to improve the profession, ERA offers several vehicles for basic and continued education:

- *Annual Conferences* – For reps and manufacturers
- *Special Interest Groups (SIGs)* – SIGs are facilitated by ERA to provide members with opportunities to network with and learn from fellow reps with common interests.
- *Local Chapter Programs* – Basically educational in nature, these programs are tailored to the local members' needs and desires. Chapter meetings also provide the networking opportunities that reps so cherish.
- *Educational Materials* – Materials are available in several formats (printed, audio, CD-ROM) and on the ERA Web site at www.era.org.
- *Certification* – The Certified Professional Manufacturers' Representative (CPMR) program is available, at discount pricing, through the sponsoring rep association members of the Manufacturers' Representatives Educational Research Foundation (MRERF). ERA is not only a MRERF member, it is the founding member and creator of the foundation.

For additional information on ERA and to download many resource publications, visit www.era.org.

Manufacturers' Representative Educational Research Foundation (MRERF)

MRERF was established to provide professional education to the rep community and is also dedicated to: enhancing public awareness of the value of outsourced professional field sales organizations (reps); funding research concerning the rep function of business; and providing information on the value of the function to the marketplace. In fulfilling its mission to provide professional education, MRERF offers these programs through its Institute of Professional Advancement subsidiary:

- *Certified Professional Manufacturers' Representative (CPMR) Program* – The certification program is executive education aimed at owners and managers of representative firms and their designated successors.
- *Continuing Education Program* – Continuing education courses are conducted every 18 months for graduates of the CPMR program.
- *Certified Sales Professional Program* – This course is geared toward salespeople within a rep firm. It covers self-management skills as well as tactical and strategic selling skills, and leads to Certified Sales Professional (CSP) certification.
- *Synergistic Selling for the 21st Century* – This is a self-administered course designed for individual or group use.
- *Rep Operations Manual* – The manual describes in detail virtually everything a rep must know and do in order to manage a successful agency. The newest update of the manual was published in 2006.

MRERF also offers other printed, video and CD-ROM rep educational materials. For additional information, visit www.mrerf.org.