

Understanding Your Sales Reps Will Enhance Their Performance Management... and Your Profitability!

by Brooks Fenno

In my many years of consulting I have yet to find a corporate manager pleased with the output of all of his/her sales reps. Why this dilemma? The answer rests in obtaining an understanding of independent sales reps, including how they operate and what motivates them to perform.

One major issue is that such suppliers as small to mid-sized manufacturers and certain service companies (such as engineering support firms) often seek to increase sales beyond their immediate geographic boundaries by engaging independent agents to represent them. And most of the time, a sales rep, when approached for this, will indeed accept the task of a new client line.

Yet despite a sales rep's compliance, such a business partnership frequently leads to frustration. To understand why, the supplier needs to recognize what motivates a sales rep. In priority order, reps serve the following masters:

1. **Him/herself.** As an independent business person, the rep feels his/her needs come first.
2. **Customers/clients.** Taking care of their immediate constituents is "job #1" for sales reps. Without them, there is no business!
3. **Largest principals.** These are the firms that put the bread on the rep's table. They are usually the top two or three income producers for any rep.
4. **Small principals.** The average rep carries between seven and 10 product lines, so unless your line is

one of the rep's "majors," you are likely to receive minimal attention.

5. Brand new suppliers.

Given all these masters to serve, why would a sales rep be willing to take on a new line? Two big reasons include: What does the sales rep have to lose? The second reason is that a new line gives the rep something different to talk about with customers. Furthermore, who knows... this new line might turn out to be a real winner!

In dealing with reps, there are also several fundamentals that one should understand over and above their client-centered motivations:

- **Compensation.** The standard commission for a sales rep is five percent, with the exact amount usually dictated by market practices within an industry, including the size of an average order. A higher amount, or a cash bonus, may also be required to motivate the rep initially.
- **Coverage.** Sales reps typically restrict their selling efforts to their current base of customers. Even if a principal supplies the leads, the rep is usually reluctant to call on a new prospect if it means the account will be interested in buying only one type of product.
- **Other lines.** The principal should examine the rep's other product lines to see how these will "fit" in terms of size and type of offering.
- **Training.** The rep must be schooled in any new product line. This training issue can be best dealt with by having the rep spend one to two days at the



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manufacturer's plant meeting the personnel, learning all aspects of the manufacturer's product performances, reviewing the method by which the product is produced and studying the order processing system.

- **Regular meetings.** The principal should meet with each of his reps at least once a year. At best this can be done by individual territory visits. Often this is accomplished during group rep sessions at trade shows that the reps are planning to attend. This approach also eliminates the need to pay the rep's transportation and hotel expenses.
- **Contract.** Sales rep agreements usually consist of a one-page letter from the principal, which typically, the rep will co-sign. The cancellation period is usually 30 days which can be initiated by either party

Having come to an understanding of how and why reps operate, how can a principal genuinely motivate a sales rep? The best answer is a common-sense one: assist your reps as much as possible in order to provide them with some balance. This will enable you to gain a considerable amount of your reps' attention and time in relationship to the commission they are earning from a given line. By nature, reps are not coldly rational individuals (if they were they would be in accounting, not sales!), so if a manufacturer simplifies life for a rep by providing advice and by smoothly processing incoming orders, then this rep will be inclined to pay more attention to that line versus the lines of less supportive suppliers.

Another valuable technique for motivating reps is to travel. With them. For example, when a manufacturer travels with a rep for two or three days, the rep must spend advanced time scheduling visits, making calls to the manufacturer and then following up on those calls. This makes a sales trip much more efficient and, likely, profitable.

Finally, if you should need to hire a new rep, what can you do to insure that he/she will be both the most motivated rep you can find as well as someone you can effectively manage over the long term?

One great approach to achieve this is calling a prospective major customer of yours (such as a supplier) and asking this supplier for the name of a rep he/she can recommend, preferably who does not represent a competing line. If you are successful pursuing this particular rep to your product lines, you might then assign your newly-hired rep to handle the account of the very supplier who originally made the recommendation. In this way, you reap the benefit of the strong relationship already in place between the supplier and your new rep... and it may help you win over the supplier as a new client as well!

Other commonly used approaches for securing a good rep include:

- **Referrals.** Tap into the rep network of a productive agency. Your rep is likely to be part of a nationwide rep group serving another principal and will likely know the names of the other reps in that network.
- **Trade shows.** Pursue trade show contacts. Rep candidates, looking for a new line, often stop in to visit booths of exhibitors.
- **Advertise in MANA** (Manufacturers' Agents National Association), the major rep trade group.

Once you have a handle on what motivates a rep, you'll get better and better at successfully engaging your reps to take on new product lines and you'll also succeed in finding the right new rep to hire and meet your needs. Actively managing your reps serves as a productivity enhancement tool, reaping many dividends when properly executed, for both in the near-term and long-term profitability.