

What Distributors Want From Reps

2001 is ending, bringing planning for 2002. Many companies are developing, or implementing, their 2002 strategies, with many distributors and manufacturers discussing joint planning initiatives. Over the years, the quality of these efforts have improved, however, there continues to be a disconnect – the manufacturer salesperson/independent representative.

Expectations of manufacturer salespeople have increased. No longer is the role just customer service or just distributor (or end-user) sales-oriented. It has evolved to a combination account manager, end-user specifier and marketing information conduit – but has their skill set kept up?

Let me recount a conversation I had with an independent rep 5 years ago.

We were at a rep advisory council and the topic of “will reps exist in 5 years” arose. We both felt that the position would continue; however, that in 5 years there would not be “independent sales agents”. The role would still exist, but it would change to “independent marketing agents”.

The difference – a sales agent, was heavily involved in distributor-oriented customer service and moving towards increased end-user interaction. We believed that the role would expand to increased marketing involvement and that the rep would become more important to the manufacturer as it relates to capturing in-field marketing information and being a marketer for the manufacturer (their compensation structure should also change).

The rep felt that only 20% of reps could support distribution from a marketing viewpoint. In revisiting this topic recently, he felt the percentage had increased to 30%.

So where does this leave us?

In preparation for 2002, I solicited feedback from some distributors and independent reps as to what distributors’ expectations of manufacturer salespeople (direct and indirect) should be. The specific question:

“What do they do well for you and what you would really like them to do for you (either at the end-user level) or in supporting your efforts (i.e. marketing support, coop program information, merchandising, providing market area information, new product knowledge, training, sharing best practices from other distributors that sell that manufacturer’s products, etc...).”

Here are selected responses; poetic license was taken to shorten comments. Some respondents requested anonymity:

- The biggest change we are trying to drive is the development of action plans, the tracking of activities and documentation of results. We are then working to develop a perpetual cycle of continuing to target new customers and action plans Other than that, the customary reactive role of the manufacturer is still needed, as is the training, explaining and complaining that make up our relationships.



(large Midwestern regional distributor)

- My greatest desire and passion is to educate direct salespeople and reps as to a distributors real cost of doing business either thru stock or on direct transactions. Many times our manufacturer and rep partners have no idea what our true costs are and they think we make a killing at 5% markup on a direct order and 10% markup thru stock, when both are losers for us. We need to understand each others business costs better and work together to reduce the total channel transaction cost.

(Jack Justillian, Maurice Electric)

- We spend time in one-on-one meetings with our reps, particularly the independents, discussing what we can mutually do to become more effective. We need our reps to spend more time in front of the specifiers/end users getting products specified. This is a long-term process cultivating relationships enabling the specifiers to gain confidence in the products we collectively sell. We need reps to meet with our outside sales and customer service personnel to offer product training and new product familiarization. We continue to express the need for funds to support marketing initiatives.

(Ed Chesen, J.H. Larson Company)

- Relationships with a WIN-WIN approach are essential. This

leads to a better understanding of each others' business, and mutual success. What makes a win-win relationship?

Select distribution. When they sell to everyone it is difficult because things usually end in price. We prefer to compete against another manufacturer and distributor than against the distributor with the same line.

Motive. We are all out to earn the business, but when a product is over distributed, then, when you get into a competitive situation the manufacturer or rep may put themselves first and will ride with everyone they can. This is not fair to those who stock and support the manufacturer.

Agendas. An example of agenda is where we are asked to make joint calls, and then find out they're out to the contractor after we have introduced them, building on the relationship for *their* benefit. We would like loyalty and trustworthiness when we introduce someone to one of our customers.

We strive to build relations and share the pertinent data for the mutual success of both.

(Bret Edson, Edson Electric)

- The things that made the best reps twenty five years ago are the same today. A rep must follow-up and follow-through. A good rep will provide significant educational support. A rep will "go to bat" for the distributor with the manufacturer when



necessary. More specifically, he will assimilate all of the relevant information and necessary details in order for the manufacturer to make a well informed decision.

It is important that they keep us fully abreast of programs offered by their manufacturers. Today, there is more than one person at a distributor that must have a relationship with the rep. Seldom do reps work on achieving a relationship with all three (sales, purchasing, and marketing).

(John Cain, Wiseway, Inc.)

- The value shift is towards what rep will support the distributor regardless of where the market is. Manufacturers will ultimately change or force the reps to align themselves beyond traditional geographic barriers.

Distribution requires that reps keep them ahead of changes in product offerings, new marketing ideas, and inventory programs.

Inventory commitments are necessary. Return and restock issues so the distributor's inventory is good and salable and reflects the market, so the proper inventory investment will be made by the distributor.

Marketing funds and ideas to support targeted marketing programs that can be justified with sales growth, and return on investment.

(Jim Bulvanoski, Rexel SPT Electric Supply)

- We expect a lot from our reps. In the old days they bought us coffee and donuts and talked about the weather and their favorite ball team. Things have changed. Between computer systems, Internet and email, our customer expect answers now. Part of what it takes to make this happen is we need our factory reps to be trained and know the levels of stock on products that they carry. We expect them to ride with our outside sales team to make joint sales calls and we need them to train our entire sales staff on the benefits of their products whether it has a better price point or it saves labor on installation. We also need their support to trouble shoot any problems that we may have with a product.

We have three marketing people in our company and we need reps to work with marketing to create great fliers, and great ideas that customer like. We need factory and reps to better understand the programs that our marketing group offers. Many times we know a lot more about a program than the rep does. We also would like them to better understand the coop programs that are available for us to use to promote their products. (John Franken, Echo Group)

In talking with independent reps, comments included:

- Manufacturers need to express "This issue is important to me."



- Relationship is a critical component in the rep-distributor relationship; however, it is now only a part of the overall services. The importance of relationships is not what it once was.
- Reps need to know what is important to the distributor. Distributors need to counsel/educate reps that they do not place orders on price alone and that they rate their manufacturers/ reps based upon specific criteria and make decisions accordingly.
- Reps get frustrated by the demands of the marketing groups. While they recognize that manufacturer participation can benefit the salesperson, the group earns rebates (benefiting the distributor), marketing activities are conducted (financially benefiting the distributor), sales are affected, but the rep is responsible for the paperwork to implement the groups' programs, yet is not compensated or incented.
- If distributors measured reps (direct and indirect) based upon activities and the ROI on those activities, performance would change.
- NEMRA has developed a number of seminars to reinforce successful strategies for selling to distributors and is trying to further educate its

members on the importance of marketing. Two recent endeavors include NEMRA's participation in the 2002 NAED Marketing Conference and a CD-Rom entitled "Strategies for Selling to Electrical Distributors".

Bottom-line

Distributors are looking for more support, and commitment. Distributors who measure rep effectiveness have found that they receive better support. The key is clearly communicating what "your" needs are, to your reps and to your manufacturers, providing frequent feedback and tracking results.

As the business becomes more commoditized, service and marketing become greater differentiators for distributors, and manufacturers. Since reps are the manufacturer to the distributor, this impacts manufacturer effectiveness at the local level. The solution - manufacturers providing the tools and having expectations of their sales forces, and distributors expressing their expectations.

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