

Advantages of Using Manufacturers' Agents

I) What is a Multi-Line Field Sales Company (manufacturers' sales agency/rep)?

Manufacturers' representatives are called by many names, but the best way to define one of these firms is to think of it as an outsourced provider of field sales services to multiple manufacturers of complementary products.

When a manufacturer, distributor or service company determines that an important element of its marketing plan is contacting its customers face-to-face on the customer's turf, it has three options:

- 1) Conduct the field sales process with non-sales company executives and managers who sell part-time.
- 2) Hire direct sales employees whose full-time job is to contact customers and service them.
- 3) Appoint professional, multiple-line field sales firms as strategic partners.

These field sales companies may be known as reps, agents, manufacturers' agents or representatives, sales agencies or even brokers. They work primarily on commission and pay their own expenses in return for a contractual agreement to be the exclusive "agent" of the manufacturers they represent in a given territory, market or for specific accounts. They profit by leveraging their time so that sales for multiple manufacturers can be made with the same customer, often on the same call.

II) Why sell through professional Multi-Line Field Sales Companies?

Predictable Sales Costs That Go Up And Down With Sales — The manufacturer and sales agency agree in advance on a set rate of commission and the agency pays all selling expenses.

Lower Sales Costs — It is estimated that today's average industrial factory direct salesperson costs \$150,000 per year. Producing \$2,000,000 in new sales each year, the cost of sales would be 7.5%. A field sales agency producing the same volume at a 5% commission rate would cost only \$100,000.

Increased Sales — The average factory-direct salesperson is in a territory for two years or less before he or she is promoted, transferred or defects to a competitor for more money. The multi-line sales agency has a lifetime commitment to the territory, thus holding better relationships with the customers.

Immediate Access To The Market — Sales agencies are an experienced sales team already in the territory. They are familiar with the area and have good prospects ready to consider the new line. Many agencies have multiple sales personnel and provide much deeper coverage than a single direct sales employee. Small, single-person agencies can provide excellent coverage in many niche markets.

Free consulting services — Most independent sales agents have 15-20 years of successful corporate experience under their belts. Many have held positions in large corporations prior to becoming agents.

Cost of Training And Turnover In Sales Personnel Is Eliminated — A new agent has only to learn your company's products, culture and systems, and many agents won't even need product training. All are well-versed in selling skills so you won't have to train them how to sell. The average agency has been in business in the same territory over 20 years, whereas the average employee only stays in the same place two years or less.

Highly Experienced, More Aggressive Sales Force — Today's multi-line field sales agent is highly educated and trained. Since there is no base salary to rely on, they must sell to live.

Sales Forecasting Is Equal Or Superior To A Direct Sales Force — The volume of future sales is no less predictable with agents, but it may be better since so many of today's agents use sales analysis and forecasting methods which are often more sophisticated than those of the manufacturers they represent.

Broader Sales Context For Your Product — Because agents sell several compatible items, they call on a wider variety of prospects and customers, often finding applications for products denied the single-line salesperson. The easiest person to sell something to is the customer who is already buying from the salesperson!

Provides Marketing Flexibility At Less Cost — Sales agents can increase your volume by selling outside your present marketing territory. Agents can also sell a new line without conflicting with your present sales organization.

Creates A Systems Approach To Selling — Most customers today will agree to see and buy from only those salespeople who take problems off their desks and bring opportunities to their attention. The multi-line, complementary package of products tends to make sales reps systems oriented rather than a single product oriented. Customers welcome these consultative sellers.

Every Call Is A Relationship Call For Your Company — Even when the agent doesn't present your product, he or she is cementing the customer relationship which will benefit your company in the future.

Multi-faceted, Multi-skilled Sales Team — Many multi-line field sales agents also have multi-industry experience, some holding professional certifications in a variety of industries.

Better Market Intelligence — Since they carry a mix of products, multi-line agencies have a greater diversity of customers, and often can get wind of industry trends long before a factory direct salesperson.

Vested Partner In Manufacturer's Success — Since, as we mentioned previously, an agency must sell to live, your agency is interdependent with your firm. Your success is their success.