



**IMR BUSINESS &
2.0 PLANNING**
CONFERENCE

“Building Stronger Rep/Principal Relationships”

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OBJECTIVE OF SESSION

- TO EXAMINE THE NATURE OF THE RELATIONSHIP BETWEEN MANUFACTURERS REPS AND THEIR PRINCIPALS, AND TO EXPLORE AND DISCUSS WAYS TO BUILD BETTER RELATIONSHIPS BETWEEN THESE PARTIES

The information in this session will be used in the upcoming workshop



We start with a question ...

- What are you reps in business for?**
- What are you principals in business for?**
- And that's where the problems start!**



How both sides make money

- *Principals*

- All about plant utilization
- Often 50% of costs
- Need sales growth to increase plant utilization
- Exercise power through 'incentives'

- *Reps*

- Capturing customers' business
- The more sales, the more economies of scale
- 50% of cost is usually payroll
- Exercise power through 'share of mind'

The Dilemma

- How do both sides make money while operating at cross-purposes?
- By developing and maintaining good relationships



Building Better Relationships: The Golf Swing Analogy

Question

What's the one biggest problem you have with your golf swing?

Key Point

Each element by itself is not all that difficult – the hard part comes in putting it all together

Building good relationships is just like a golf swing -- you must combine all the elements together, consistently, every time, to accomplish your desired results!



Figure 1

How the Relationship Tends to Look

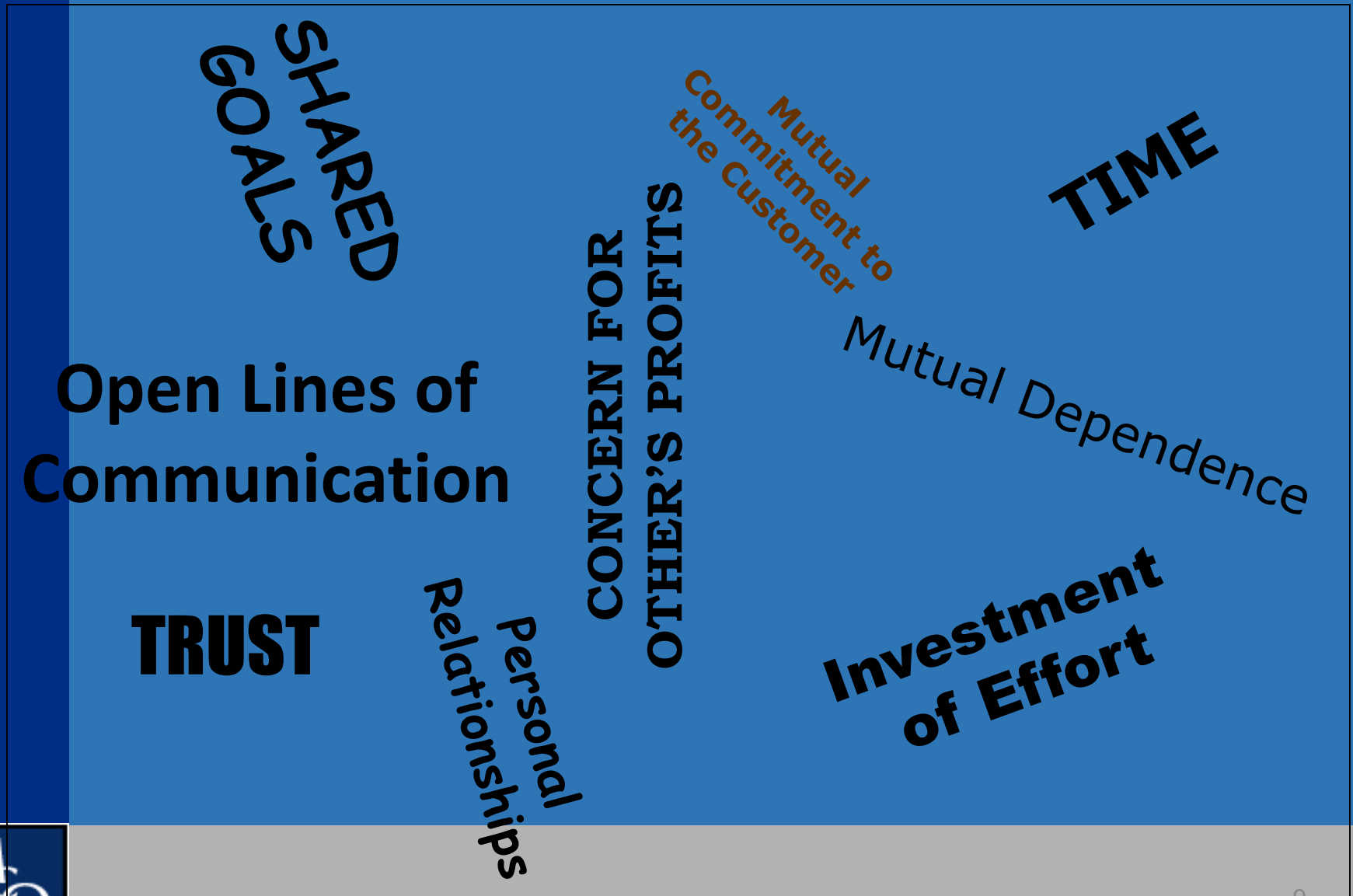


FIGURE 1

- How relationships tend to look
- Many of the right elements are there, but no form or order to them
- Some parts get more emphasis than others

How the Relationship Should Look

A Model for Building Better Relationships

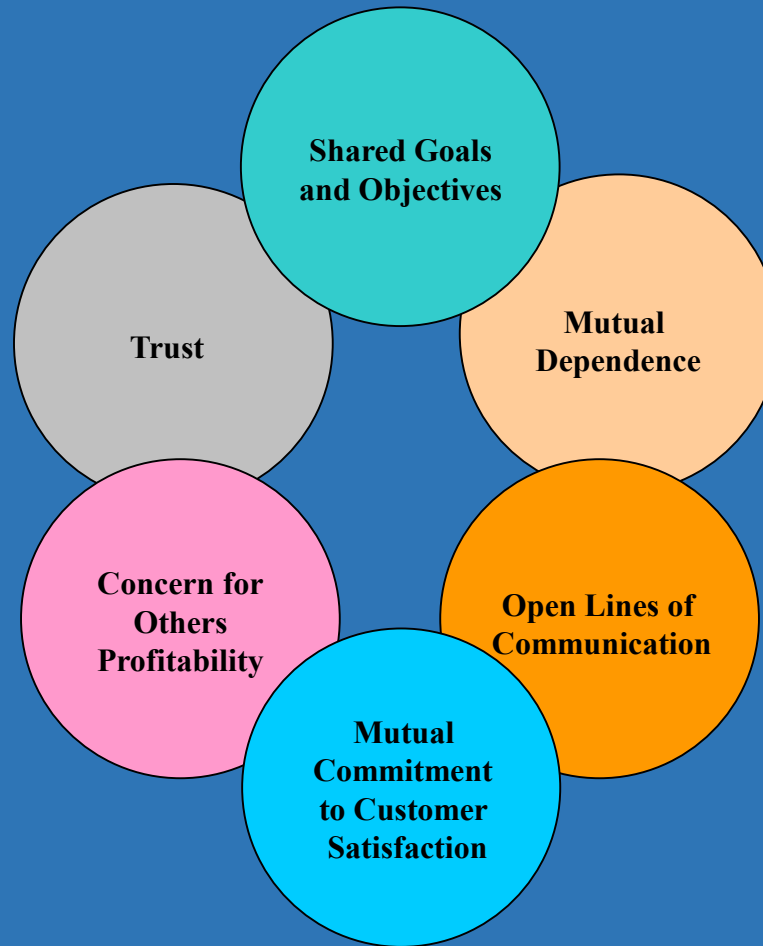


FIGURE 2

- How the relationships should look
- Six interlocking “Core Values”

**Building Good Relationships is
like riding a bicycle uphill!**



**Really only two things can
happen!**

Pull out the Rep/Principal Evaluation Form

- Choose at least 3 partners to rate -- an “A” a “B” and a “C”
- As we go through each of the 10 factors of a rep/partner relationship, rate your relationship with each of your partners on a 1-10 scale.
- Add them up at the end
- Put any comments on the sheet

How the Relationship Should Look

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SHARED GOALS AND OBJECTIVES

- Critical at the beginning of the relationship to have a business strategy with targeted goals
- Terms need to be defined -- need to know and understand what the other is looking for in the relationship

The Interview Process is Critical!

- Need to have a defined strategy to interview prospective partners
- www.mrerrf.org has an interview guide



A question

- Who at the partner should you have the same goals and objectives as?
- With as many people as high up as possible!
- Why?



SHARED GOALS AND OBJECTIVES: A CHECKLIST

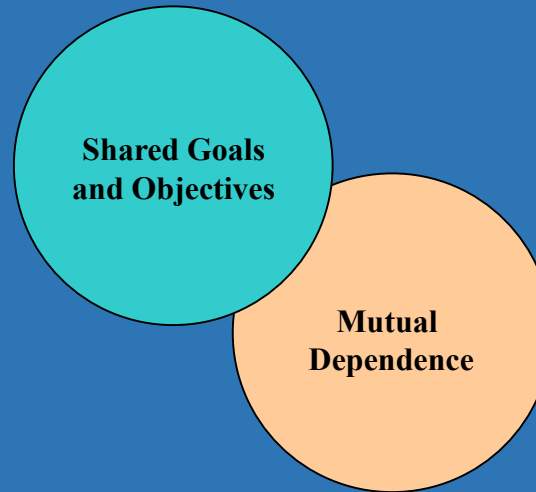
- DO YOU:

- ☐ *Have a formal criteria by which to judge a new partner?*
- ☐ *Have basic agreement with your partner on the way things should be done?*
- ☐ *Know with certainty what your partner expects of you?*

- Work proactively to establish annual sales goals?***
- Feel you can state with certainty that your partner has the same basic beliefs about running a business and dealing with customers that you do?***
- Have a relationship with the ‘higher ups’ at the partner?***

How the Relationship Should Look

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MUTUAL DEPENDENCE

Definition of mutual dependence?

When two independent parties need each other to accomplish their respective goals

KEY POINTS

- When the relationship starts, both parties are in agreement that the other firm is necessary to achieve their goals
- The needs of each party are “progressive”
- What is “value added” one day becomes “value expected” the next!



KEY POINTS, cont.

Each party must constantly be aware of the goals and objectives of their partner and what they expect from you



MUTUAL DEPENDENCE: A CHECKLIST

Do You:

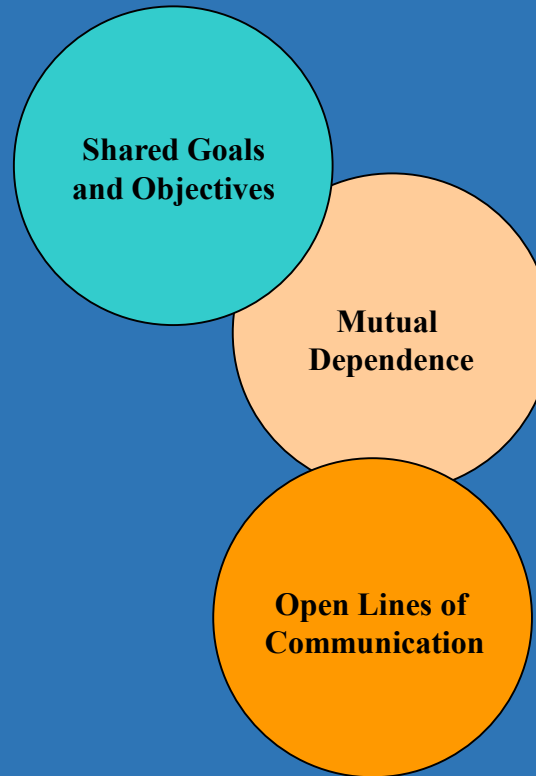
- ☐ *Willingly let your partner conduct some activities you used to do yourself?*
- ☐ *Have a receptive attitude toward requests and suggestions by your partner?*
- ☐ *“Manage” your distributors in the best interest of your partner?*

CHECKLIST, Cont.

- ☐ *Feel that it would be virtually impossible to switch to another partner and maintain the same level of product and service quality?*
- ☐ *Willingly help out your partner with all reasonable requests?*

How the Relationship Should Look

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OPEN LINES OF COMMUNICATION

- Effective communication with your partner:
- has a definitive objective
- knows the audience it is communicating to, and its main needs and wants
- Is not always a question of supplying the information -- but how it is supplied



OPEN LINES OF COMMUNICATION



- Important to establish some type of regular communication pattern with relevant parties
 - each person is different
 - each one will have different likes and desires
- Helps avoid the "what-have-you-done-for-me-lately" syndrome!

Open Lines of Communication

- ALL partners related that ALL reps could do a better job with this!
 - *Remember that each person in partner has different needs and wants*
- Communicate bad news as quickly as good news!
 - No one likes dealing in a crisis!
- Be proactive about communicating changes at your company

IDENTIFY, WORK WITH OTHERS AT FACTORY OR AGENCY

- Those who can help you
- Production, traffic personnel, customer service
- The more “Champions” you have, the better



BE SENSITIVE TO SIGNS OF COMMUNICATION BREAKDOWNS

- i.e., phone calls not returned quotes late
- Identify problem and work to solve it



WORK TO ESTABLISH A REP COUNCIL

- Be prepared to offer constructive input
- MANA survey showed that only 17% of sales managers run a rep council!



OPEN LINES OF COMMUNICATIONS: A CHECKLIST

Do You:

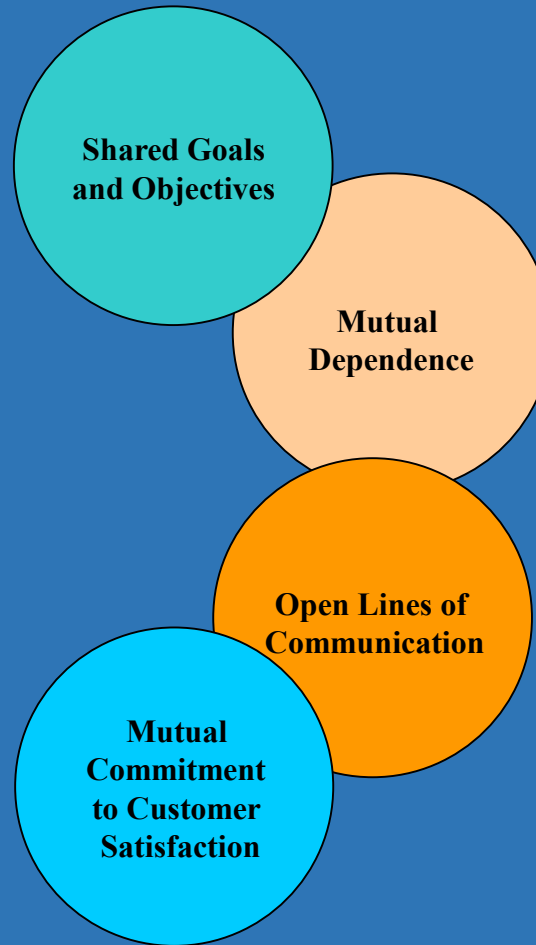
- ☐ Have a regular, established pattern of communication with critical individuals at the factory?
- ☐ Have a good understanding of the type and frequency of information your sales manager wants?
- ☐ *Communicate bad news as quickly as good news?*

CHECKLIST, Cont.

- ☐ *Inform your partner of upcoming events enough in advance to allow them to formulate a response to it?*
- ☐ *Work to resolve conflicts quickly and fairly?*
- ☐ *Exchange enough information to properly handle and market the product lines?*
- ☐ *Believe in and work to establish rep councils?*

How the Relationship Should Look

A Model for Building Better Relationships



MUTUAL COMMITMENT TO CUSTOMER SATISFACTION

KEY QUESTION

- What is the key factor that keeps the rep and the partner in business -- above making money, above anything else?

*The ability to create value for the customer -
- to help them do their business better!*



KEY POINT

Marketing begins and ends with the final customer!

- **Must always keep the goal of satisfying the customer paramount**
- **That is the reason all parties are in business**

Question???

- **If the customer has a problem, do they care who caused it?**

MUTUAL COMMITMENT TO CUSTOMER SATISFACTION: A CHECKLIST

Do You:

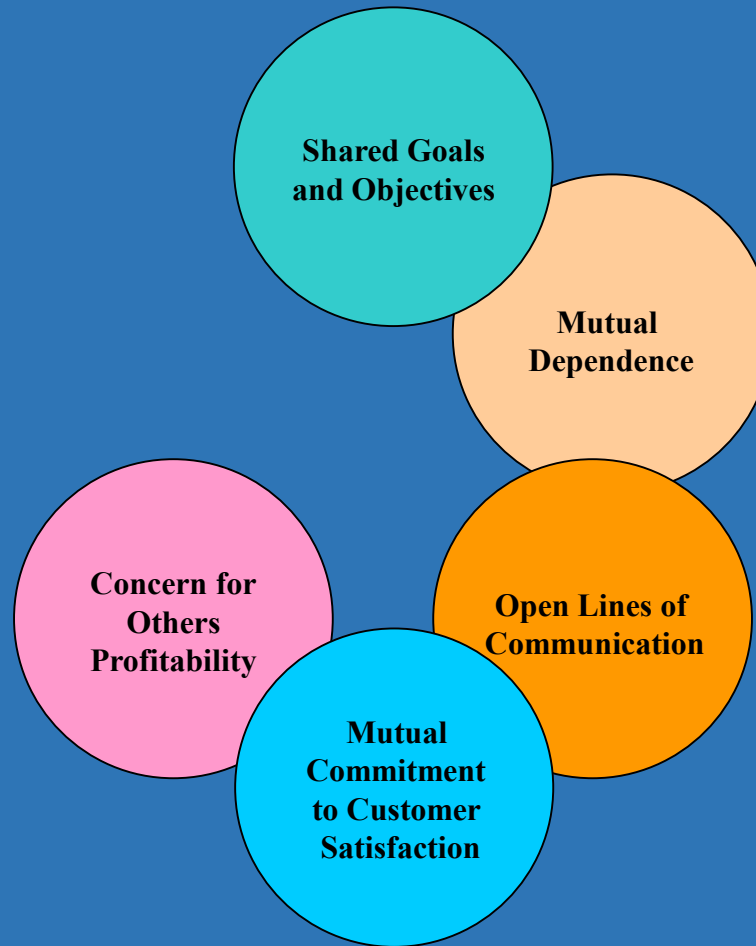
- ☐ **When there's a problem, make sure that the customer needs are taken care of first?**
- ☐ **Share a commitment with your partner of total customer satisfaction?**
- ☐ **Really try to identify and partner with customer-driven companies?**

CHECKLIST, Cont.

- ☐ Feel your partner really understands the importance of developing satisfied customers?
- ☐ Willingly give field assistance and technical support to create customer satisfaction?

How the Relationship Should Look

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CONCERN FOR THE OTHER'S PROFITABILITY



- Key point -- a business venture for mutual profit
- Are investments and risks by both parties at the beginning of the relationship

CONCERN FOR THE OTHER'S PROFITABILITY: A CHECKLIST

Do You:

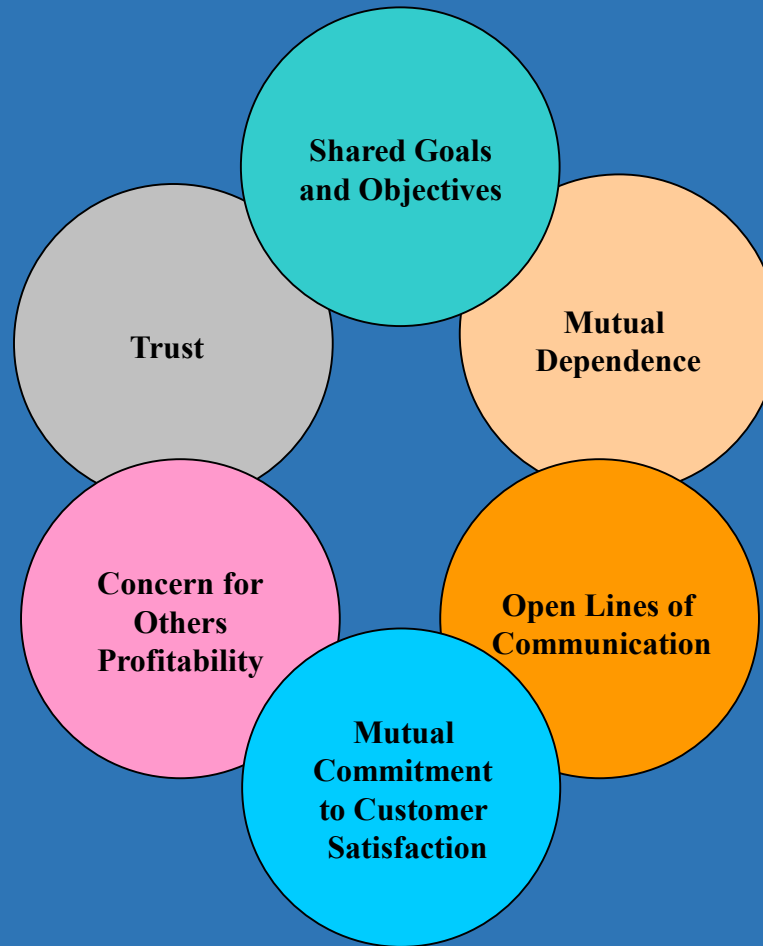
- ☐ **Get a genuine pleasure out of seeing your partner make money?**
- ☐ **Willingly accept less money when your partner has "gone the extra mile" to be price competitive?**
- ☐ **Have a willingness to be totally candid with your partner in the profitability of your product lines and the profitability of your firm?**

CHECKLIST, Cont.

- ☐ Realize that your partner has taken as many if not more significant financial risks than you have?
- ☐ Realize that you could not be profitable if the actions of your partner did not allow you to be so?

How the Relationship Should Look

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TRUST

- Doing what you say you will do consistently -- loyalty through action
- Building trust is a process of demonstrating credibility, honesty, and integrity over time



The “Relational Bank Account”

- **Making “Deposits”**
 - **Seek to understand your partner**
 - **Attending to the little things**
 - **Keeping commitments**
 - **Clarifying expectations**
 - **Showing personal integrity**
 - **Apologizing sincerely when you make a withdrawal**

And one more thing

- It takes about four deposits to make up for one withdrawal!



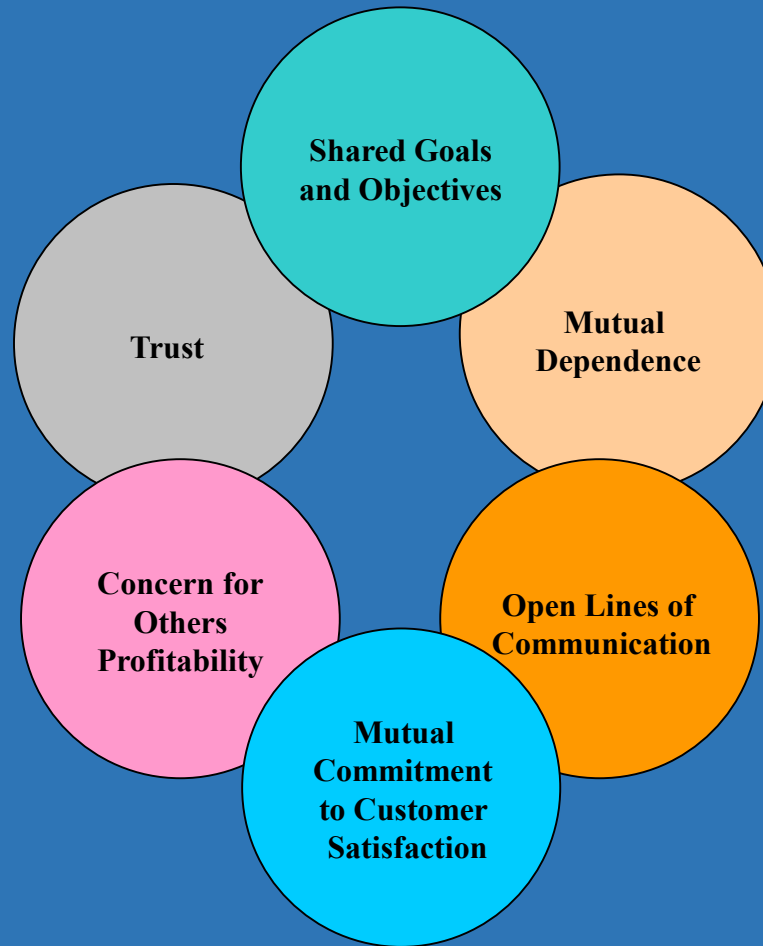
TRUST: A CHECKLIST

Do You:

- ☐ Feel you have to keep a close watch on your partners?
- ☐ Feel that your partner is a company that stands by its word?
- ☐ Feel as though you "walk your talk?"
- ☐ Willingly share information that could be considered "confidential"?
- ☐ Follow through and do what you say you are going to do all the time?

How the Relationship Should Look

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Questions?

