



The Carrot Is Mightier Than the Stick

I've often said that principals who use "crack the whip" tactics on their rep sales force are essentially exercising the most expensive (and least efficient) management tool possible. This is because principals who "crack the whip" on rep sales forces ultimately have to pay more commission just to keep their reps on board compared to other principals who treat their reps well.

Cracking the whip should be reserved for situations where one of my best customer's orders is running late — just kidding.

All kidding aside, principals need to manage rep sales forces mostly with carrots and rarely resort to the stick. Meaning that manufacturers need to market themselves to their representative sales force as a person or company that they themselves would *want* to sell for.

The principal's goal should be sales, and the best way to achieve sales is to get as much of the rep's selling time as possible. However, in reality most principals end up competing for time with about 7-15 other lines on the reps line card.

One of my smaller principals described it best after realizing it would be almost impossible to get most of my time — work to get an unfair share of the rep's time rela-

tive to the commission paid by the company. And do so by marketing your business to the rep firm with carrots, not sticks.

Some of the carrots he offered:

- **Territory visits.** He sent qualified sales engineers or upper management who added value to our sales calls into my territory on a regular basis. And they looked at the opportunity to pick up meals and drinks with my staff and me as a way to build rapport and continue to get an unfair share of my time after they've returned to the factory. A rep friend of mine tells the story of a visiting principal who pushed the check to the rep, looked him in the eye and said, "You get this." The principal saved the cost of the lunch but moved to the bottom of the rep's list of favorite emotional lines.
- **Short webinars.** These were no more than 30 minutes,

always on Monday or Friday, and consisting of relevant material. And he always rehearsed the webinar before presenting because he knew we could tell if he didn't. In essence, if the webinar wasn't important enough for him to rehearse, it ultimately isn't important enough for his rep sales force to take the time to listen to.

- **Well-thought-out product introductions.** The time of the training coincided with the manufacturer's ability to advertise the new products and provide samples.
- **E-mail marketing to reps.** He kept these always as short as possible, and they were sent because the principal had something important to tell us, not just because the principal scheduled an e-mail every two weeks.
- **Sales meeting.** These lasted never more than 2½ days, with not more than one evening and one afternoon dedicated to team billing type events. When most of the reps had not been to the factory or met the key inside sales people, it was at the factory, otherwise a venue convenient to major airport.
- **Nice gestures.** Corny, perhaps, but we noticed when this principal for whom we wrote \$1,000,000 worth of business sent us chocolates during the holidays, and the principal we wrote \$6,000,000 worth of business didn't even send a card. Of course, we sent a holiday greeting to both.
- **Awards.** We work hard, and we liked the recognition when we accomplished something big. They never missed a chance to give us a public pat on the back, a mention in the company newsletter, or a plaque for performance.

And perhaps the best carrot was day-to-day communications. I looked forward to finding them new customers and new orders because they are a pleasure and easy to do business with. Yes, I sell for the not-so-easy and not-so-pleasant factories — but I have to tell you they had better be paying me well. If not, I and they may find they are not getting the most out of my firm.



John Beaver founded GSA Optimum, Oakdale, New York, in 1984. The metropolitan New York/New Jersey independent manufacturers' representative firm has 33 employees covering Maine to Virginia out of its four offices. The agency specializes in electrical mechanical, electronic, and electrical components. This growth can be partly attributed to his successful acquisition of six firms. In 2015 he began his tenure as a MANA Board member. He is also an active member of ERA and NEMRA. As a member of ERA he serves as a National Delegate and is the Chairperson of Metro NY/NJ ERA local chapter.



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