

Reprint

Reps or Direct Salespersons? Which Approach Yields Better Results?

As featured in the
September/October 2013 issue



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Wiring Harness News



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I'm frequently asked a classic sales question: Is it more effective for a harness maker to rely on manufacturers' representatives (reps) or to hire and train a sales staff? I've been around long enough to see each method succeed and each fail, so let's review what's at play.

The rep advantage: Two obvious pluses for the rep route are the variable expense (you pay only for results) and the relationships a rep might have that you don't. Reps sure look like a winning approach when they open doors you might otherwise never enter.

The sales staff advantage: The key word here is "control." You wield great influence over the content and frequency of contact with your customers, and you control the depth of product training your sales team receives.

Now for the flip side: the potential disadvantages. How do they figure into your decision-making? Frankly, I don't see many downsides to the direct sales approach--other than the ongoing expense, of course, which is a major consideration. On the other hand, the rep approach needs to be handled carefully.

Rep caveats: When a rep scores some new business for you and sustains it, you may eventually want to service the account with your own people to avoid paying eternal commissions or simply because you know you can service the account more effectively, but how do you engineer that conversion? It may be impossible--unless you addressed this possibility up front. If two commission structures might be



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necessary down the road, be sure to negotiate this at the start of your relationship with the rep.

Another potential weakness in the rep arrangement is the rep's long-term availability. A rep might behave as if you are the only harness maker in the hemisphere at the outset, but that rosy picture can change markedly for any number of reasons--chief among them, a responsibility to other lines. Optimal long-term coverage then gets compromised.

A wire harness manufacturer I know well recently encountered this scenario. A rep had been able to open a major new account, but it soon became clear that "harvesting" the account was going to require a weekly purchasing and engineering call schedule--a level of involvement the rep could not meet. As a result, a company direct sales engineer was assigned to the account. By giving the account weekly service for 18 months, the new business potential was realized, but it's important to note that the happy ending depended on the up-front agreement with the rep. That maneuverability created the opportunity for the pivotal change.

My answer to a classic sales question: I think by now I've tipped my hand. Although I concede some key advantages to entrusting reps with your sales contacts, I believe the rep approach demands careful handling. For that reason, and because the harness manufacturer presumably has so much know-how within its various staff members, I am a proponent of the team approach. If individuals representing various functions and levels within the company--including the owner or CEO--interact with major accounts, customers receive optimal coverage.

The team approach does not eliminate the need for one salesperson to shoulder account responsibility, but engineering, quality, and manufacturing personnel should comple-

ment his or her interaction with the customer. The team approach maximizes the linkage between the wire harness manufacturer and customers through a high level of coordination and product knowledge that few multi-product-line reps can parallel.

Whether you rely on reps, direct sales employees, or both, the crucial factor is achieving solid market coverage. Active, informed coverage insulates you against the one call from a key customer you never want to get: "You've been a good supplier, but..."

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