

GUIDELINES FOR ESTABLISHING AND BENEFITING FROM REP COUNCILS

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INTRODUCTION

Rep councils are a powerful management tool if they are chartered and structured to provide an open forum for the candid discussion of problems and opportunities in the market place. This discussion must be coupled with the clearly stated intent to act upon recommendations of the council.

This type of environment is not for every manufacturer, nor is it compatible with every management style. A Rep Council started for the wrong reasons is a monumental waste of time, talent, and money. Manufacturers need to carefully examine their motives for the establishment and utilization of a Rep Council.

These guidelines have been compiled to assist those manufacturers who are either currently using or who are considering a Rep Council as a key management tool.

I. DEFINITION

A Rep Council is an advisory group comprised of key manufacturer management and individuals selected from a cross section of the company's representative organizations.

II. PURPOSE

A Rep Council provides a vehicle for an open discussion on any and all subjects which influence the representative and manufacturer relationship. Through the establishment of formalized meetings with agendas and goals, a vehicle is provided to discuss, analyze, review, suggest and implement new policies, procedures, and strategies designed to positively impact the sales and marketing of the manufacturer's products.

It should be clearly understood that a Rep Council meeting is a **business planning meeting — not a sales meeting**. Manufacturers should avoid attempting to combine sales meeting topics with the agenda of a Rep Council. Further, a Rep Council provides an excellent sounding board for new ideas. However, it must operate in an open and free manner. An atmosphere must be created and maintained which allows the discussion of controversial subject matter without recrimination.

III. SUBJECT MATTER

There is a wide variety of subjects which are appropriate. Among these are:

1. Manufacturer Policies and Procedures including:
 - Representative contracts and agreements
 - Termination policies
 - Split credit policies
 - Guidelines for sales rep performance and evaluation
 - Sales meetings and product training, etc.
2. Customer/Manufacturer Policies and Procedures
3. Marketing strategies
4. New product possibilities and possible acquisitions
5. Catalogs and literature

6. Advertising
7. Trade show participation

The list can cover any topic on which the manufacturer would like to receive input from the representatives or any topic which the representatives feel is worthy of productive discussion. But, again, it is important to avoid topics that are more appropriate for a sales meeting. The line between Council topics and Sales Meeting topics can be a bit blurred, but it is important to be aware of this guideline at all times.

Often the representative members of the council are responsible for soliciting input from or conducting surveys of their fellow representatives on a variety of subjects. This input may take the form of a formal evaluation process as requested by the manufacturer. Some typical areas that are commonly evaluated by Rep Councils are:

- Engineering
 - Customer Service
 - Customer acceptance
 - Responsiveness
 - Product capability
 - Delivery
 - Quality
 - Competitiveness
 - Advertising
 - Literature
- ... and even every day items like the manufacturer's:
- Phone system
 - Follow-up formats
 - Computerized sales reports
 - Lead/advertising inquiry handling

It is very important that the anonymity of any individual representative responding to a questionnaire be maintained when the answers are compiled and submitted to the manufacturer. Without this "protection," it is hard to insure honest appraisals by the representatives. Additionally, it is extremely important that the report on the Rep Council meeting, including agreed upon **action items**, be distributed to all of the company's representatives. The distribution of the report or minutes of the meeting is normally the responsibility of the Rep Council chairman or secretary.

IV. WHO STARTS A REP COUNCIL?

Generally, a Rep Council is started by the manufacturer's management for the purposes stated previously. However, in many cases, representative principals who are aware of the positive benefits of an effective Rep Council will suggest the idea to management of the manufacturer company. Regardless of where the idea originates, if the manufacturer, after investigating the features and benefits of a Rep Council, it becomes convinced that it will be beneficial, then it is the manufacturer's responsibility to initiate the formation of his company's Rep Council.

V. WHO APPOINTS A REP COUNCIL?

Representative members of the Rep Council are generally appointed by the manufacturer's sales and marketing management. Manufacturer participants are determined by the manufacturer based upon internal policies and other management considerations.

VI. THE PARTICIPANTS

From the manufacturer:

The sales and marketing executives at a management level normally are the key participants. Depending on need and/or direct involvement, key “decision makers” such as the CEO may be included on the council. Managers from disciplines such as manufacturing, engineering, and advertising can also be included for special meetings of the council. It is critical that manufacturer participants have the authority to effect most changes that are recommended by the council.

From the representatives:

Generally, an owner, CEO, or general manager of selected firms are participants. Manufacturers should look for members who will bring a variety of viewpoints to the council. Members should be astute and well-versed in areas of marketing, product, and the competition. Normally, it is best for representatives from some of the principal’s major territories to be involved in the council. Furthermore, it is beneficial for the representatives on the council to have significant length of service with the manufacturer so that they are very familiar with the manufacturer’s policies and general operating philosophy and style. Normally, one of the representatives is elected or appointed council chairman. He or she chairs the meetings and is responsible for coordinating the preparation and follow up activities of the other representative members. Typically, the chairman is assisted by a key sales and marketing executive from the manufacturer.

VII. HOW MANY PEOPLE SHOULD BE ON A REP COUNCIL?

There is no hard and fast answer to this question. However, consensus seems to favor the following arrangement:

- Manufacturer participants: 2-4;
- Representative participants: 3-6

VIII. LENGTH OF TERM

Again, there are no rules, but there are two typical structures:

1. Rotating Representative Participants

In this structure, representatives typically serve 2-3 years within some type of rotating system wherein the terms are staggered to insure that experienced participants are always on the council. Manufacturers should retain some flexibility so they are able to request additional terms for individuals who are major contributors to the productivity of the council. Typically, this structure insures a wide variety of input from meeting to meeting.

2. Appointed Representative Participants

In this structure, the manufacturer retains all rights to appoint those representatives who are deemed the most qualified based on the goals and objectives of that particular meeting. Appointments are usually for one year. Typically this structure leads to longer actual terms for representative participants and more year to year continuity because in many cases the most qualified representatives will tend to be the same ones year after year. The manufacturer must guard against the council becoming stale or stagnant by making periodic changes to insure fresh input and different points of view. The manufacturer participants generally remain constant from year to year.

IX. HOW OFTEN SHOULD A REP COUNCIL MEET?

Normally, Rep Councils are scheduled to meet once a year. However, special meetings or conference calls can be scheduled if a situation warrants. In some cases meetings become less frequent as problems are solved and the apparent need for meetings diminishes.

X. PREPARATION FOR REP COUNCIL MEETINGS

A preliminary agenda should be circulated by the manufacturer to the representative members through the chairman at least 60 days prior to the meeting date. The representatives should be encouraged to suggest additions and/or changes. The chairman and the manufacturer should then finalize the agenda

and distribute it to all participants. If the representatives are going to solicit information from their fellow representative through a questionnaire or personal contacts, adequate time must be allowed.

It is mandatory that both the representatives and the manufacturer participants come to the meeting well prepared.

XI. MEETING LOCATIONS

Meetings should be held off site so that interruptions can be held to a minimum. It is recommended that the meetings be held near the manufacturer's facility if the participation of non-council personnel is required for a portion of the meeting.

XII. LENGTH AND TIMING OF MEETINGS

Although length will vary, depending on the complexity of the agenda, location, availability of personnel, etc., the ideal duration for a Rep Council meeting is one and a half days. Meetings should be planned for early or late in the week to allow the participants a minimum amount of time away from the office or out of the field.

XIII. REP COUNCIL MEETING EXPENSES

Rep Council expenses, including travel, are paid by the manufacturer.

XIV. SUMMARY

A Rep Council involving responsible and knowledgeable representative participants can provide an outstanding vehicle for a manufacturer to obtain meaningful field feedback in an efficient, cost effective manner. The council meeting should be approached by all participants as a staff meeting designed to deal with planning and strategies which affect the overall health and success of the manufacturer. At the same time the benefits to the manufacturer and representative relationship are obvious. With a sincere effort and a willingness to change on the part of all participants, a Rep Council can make a substantial contribution to the overall success of manufacturers and representatives.

These are the key points to remember:

- **A Rep Council should create an atmosphere of good will.**
- **A Rep Council meeting should not duplicate a sales meeting.**
- **A Rep Council should help both the manufacturers and representatives set meaningful goals.**
- **A Rep Council should resolve complaints.**
- **A Rep Council should follow up on agreed upon actions.**
- **A Rep Council should follow through by communicating results.**
- **A Rep Council should yield and reward success.**