

Ten Advantages of Using a Sales Representative / Agency:

1. Provides predictable sales costs:

The manufacturer and agent agree in advance on a set commission which remains the same for the life of the agreement in good times? or bad. Knowing up front that you're cost of sales is a fixed percentage of the unit price eliminates many planning and pricing headaches.

2. Lower sales costs:

What does the average direct sales employee cost a company? Let's add it up. Start with a base pay of \$55,000. Now add the cost of automobile and travel expenses, insurance benefits, stock and profit sharing plans, sick leave, vacation and holiday pay and per diem expenses. Current estimates put this at \$40,000 to \$50,000.

Now add in payroll taxes, workers comp insurance, bonding fees, liability insurance, etc. These are an additional \$30,000 to \$35,000 over and above the salesman's base salary and maintenance costs.

All together this average salesperson is costing you \$125,000 to \$140,000 per year. The question is, what is he bringing back for you?

3. Reduces administrative overhead:

With an outside sales force, the constantly escalating costs of administrating sales payroll and furnishing various administrative services for sales employees is reduced significantly, even eliminated in some cases!

4. Eliminates cost of training and turnover in sales personnel:

Whenever you hire a new sale employees you start paying them immediately, but they don't start paying off for you until much later, if at all. There is no way to recover the sales that they miss during all these transitions. But you can avoid losing them in the first place by using a trained and established sales force for hire.

5. Give immediate access to the market:

With the agency, manufacturers have an experienced sales team in the territory immediately. The agency people will be very familiar with the area and have a number of good prospects whom they feel would be ready to consider your product line.

6. Provides a highly experienced, more aggressive sales force:

Surveys show that today's agent is highly educated, trained and were a sales manager or a senior salesperson before going on his own to establish or work for an agency. Since there is no base salary to rely on, agents can't afford to slack off at any time; they must sell to live, and therefore must make sales time count - for both the principal and the agency.

7. Provides sales forecasting equal or superior to a direct sales force:

Sales forecasting is as good or better with an agent since an agent tends to know his market better than anyone. Also, since the agent is only paid a percentage of the sales they generate those forecasted numbers are very important to them. In fact many of today's agents use sales analysis and forecasting methods which are often more sophisticated than those of the manufacturers they represent.

8. Provides a broader sales context for your product:

Because he sells several related but non-competing product lines, the agent is in a position to expose you to a wider variety of prospects and customers. By doing this he often finds applications for your products which would be missed by the single-line salesperson.

9. Adds marketing flexibility at less cost:

Sales agents can increase your volume by selling outside your present marketing territory - and you'll pay them a commission only when they produce. Agents can also sell a new line without conflicting with your present sales organization. There are numerous ways that a manufacturers' agent can fit into your marketing picture. Many companies use both direct salespeople and agents and find that the two sales forces are complimentary.

10. Increase sales:

Many manufacturers switching from direct sales employees to agents have enjoyed increased sales and lowered costs. It has been estimated that the individual agent sells approximately 70% more than the average company salesman - due in part, no doubt, to his independent status and a greater need to succeed.