

InTELaTECH

Selling through manufacturers' representatives

Introduction

Only a select few component manufacturers can field their own sales force in Canada. Since our market potential is minuscule by global standards and is spread out over an extremely wide geographical area, it is not usually feasible or cost effective for a company to have a direct sales force.

There are both advantages and disadvantages to having a direct sales force. A company with a direct sales force enjoys a concentrated and focused sales effort 100 per cent of the time; a direct sales person usually receives intensive product training and is therefore able to provide a customer with the best possible sales and service support and a customer is likely to believe that a direct factory sales representative has more influence over a factory's decision than a manufacturer's representative (MR) or distributor.

However, a direct sales force needs to generate large sales to offset the expense; a direct sales person can only help a customer with one product area and thus cannot employ a synergistic selling approach; a direct sales representative usually focuses on tier accounts exclusively in order to ensure an adequate return on his company's investment; most direct sales people work on a fixed salary and bonus structure, which can foster complacency or lack of aggressive account penetration.

Manufacturers' representatives

Manufacturers representative organizations sell more than 40 per cent of all electronic products. Representatives deliver more sales in a more effective, efficient manner for manufacturers. However, they do more than just sell on behalf of their principals.

InTELaTECH offers a comprehensive package of services that make the decision to purchase the representative's services a vital decision in the manufacturer's marketing process. There are many reasons for using MRs:

Multiple-line selling:

When an MR sells your product, he presents it as a part of his "package". This is the synergistic effect of multiple-line selling and the basic principle of the representative function. If your product is new, it rides along with more established, accepted products that the customer is already buying from the representative organization. Your product fits with other products and is sold at the same time, thus saving the buyer time while building your business.

Territory knowledge/position:

When your company uses an MR, you get a piece of real estate, a market that is covered. Your representatives are there! They know the territory and the customers. Your company instantly benefits from the representative organization's past history and current activity.

You retain the representative organization and they are selling your products today. Effective selling requires training. But an experience representative organization costs less to train and comes "up to speed" faster. You get "feet on the street" at a lower cost.

We become a part of your marketing department

When you select InTELaTECH, you are making a valuable addition to your marketing department without adding staff. Representatives provide essential marketing intelligence and feedback to you. Multiple-line

exposure provides the representative organization with an unique perspective on the market – InTELaTECH knows what will and, will not, work because of our experience. *Our knowledge becomes yours!*

Many companies in the past have asked key members of their representative organizations to serve on advisory councils as consultants to management.

Sales forecasting – a big payoff

Recent industry research proves that representatives know the value of forecasting and take it seriously The representative organization needs to forecast to run their business. You benefit because InTELaTECH provides valuable data with a higher than normal reliability.

We provide support

InTELaTECH provides your company with a territorial office with all of its support services. The presence of a representative from your company within a short drive, local call, gives your company the valuable “home-court advantage” in selling.

MR organizations such as InTELaTECH appreciate and encourage the creation of opportunities by the manufacturer’s advertising and marketing programs. Leads are followed and marketing support is provided by your representatives.

Long-term stability

MRs are entrepreneurial. The representative firm is a structured entity. The average MR firm has been in business 13 years. We have made a significant investment – we are here to stay. At InTELaTECH we are committed to working for you.

The myth of control

Sometimes companies prefer to hire their own sales force because they believe they have more “control”. The manufacturer who selects the best representative firm, however, and who manages that firm in a professional manner, exercises more “control” than when the sales people are its own employees.

The MR depends on the manufacturer for product and promotion. This inter-dependent relationship gives the manufacturer the control it needs. A number of firms in the electronics industry with sales in excess of \$50 million are committed to using MRs.