

Introduction

This publication offers some guidelines for the Canadian business manager who is considering entering the United States market by appointing a manufacturers' agent.

The chapters are organized to help prospective Canadian exporters answer three questions:

1. What are your company's goals in the United States market?
2. How can you locate a U.S. sales agent or agency appropriate for the needs of your manufacturing firm?
3. How can you support the activities of your sales agent or agency after the contract is signed?

There are many reasons why selling through an agent is an efficient method for moving both goods and services from Canada into the highly competitive United States market. For one thing, American buyers demand more frequent sales calls from their Canadian counterparts and small-to medium-sized Canadian companies often lack the sales force to comply with such buyer expectations. This problem can be overcome by appointing a commissioned manufacturers' agent.

Further, by entering into an agreement with an agent, a Canadian company immediately acquires experienced sales representation in the new territory. The agent is paid a commission only for sales completed. Compared to the alternative of hiring a direct sales force, selling through agents can reduce administrative overhead and sales costs. The training period for agents is usually minimal as the agent will already be an aggressive salesperson, who will only need to learn about the product line and policies of the Canadian firm. Also, manufacturers' agents can market the Canadian product, in the broad sales context, because they sell several related but non-competitive lines to the same customers. By so doing, agents can often discover new applications that may not be available to the salesperson who specializes in a single product line.

This publication addresses Canadian manufacturers and service suppliers across a broad spectrum of industry sectors. More information about a specific product sector is available from other well-established sources, some of which are listed in Appendices 6 to 11. From the food sector to industrial machinery or fashion apparel, there are many Canadian government offices in Canada and in the United States that will help you research the market potential for your company's product line.

One of the most encouraging factors for new exporters to remember is that many firms in the United States do not regard Canadian products as "foreign." Proximity to Canada, along with personal and corporate connections, can help you attain competitive transportation costs and delivery times. Many U.S. manufacturers' agents tell prospective Canadian suppliers at the outset that the agency is in business for the long term and not just to make a quick profit. The guidelines suggested in this booklet should help you establish an open line of communication with a sales agent in your targetted region. We hope that continued good communication with your agent(s) will ensure that you gain an ever-stronger foothold in the United States market. Any questions you have should be sent to:

United States Trade, Tourism and Investment
Development Bureau
External Affairs and International Trade Canada
125 Sussex Drive
Ottawa, Ontario
K1A 0G2

or

Finance and Business Services Division
Export Programs and Services Bureau
External Affairs and International Trade Canada
125 Sussex Drive
Ottawa, Ontario
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