Case B might have been a situation arising from any of several reasons. The first could have been that the Canadian product line was not competitive, in either price or quality, with similar products on the market. This should have been obvious from the start — if both manufacturer and agent had done their homework. Another possible reason for the termination in Case B might have been a lack of timely evaluation procedures by both manufacturer and agent. Small irritations can add up, and the agent might have been lacking in sufficient experience to push the manufacturer into an open discussion about areas where the sales relationship needed to improve.

Evaluating the Agent

Since this publication is directed towards new Canadian exporters to the U.S. who want to utilize manufacturers' agents, this section will provide a few guidelines for evaluating the agent's performance. Let us not forget, however, that your own performance as the supplier will be judged accordingly by your agent.

The basis for the evaluation procedures should have been laid down by you and your agent when you set objectives for the breaking-in period for the relationship. Have these goals been met within the agreed upon time frame?

One method employed by manufacturers when evaluating agents is the evaluation sheet, which lists perhaps 12 to 15 performance requirements. The main items on such lists are:

1. Product knowledge
2. Advertising and promotion of product
3. New account production
4. Preparation for sales calls
5. Sales presentations
6. Follow-up
7. Tracking the competition*

The rating scale of 1 to 10 can be used when making your evaluation of each requirement on the list. You should be able to justify the ratings with records and results for each category of performance by the agent. Add the ratings to get the total score out of whatever is possible from your particular list.

The evaluation should include some subjective criteria as well, which leaves room for the human element in the sales representation relationship. The following are some questions you might ask yourself and your staff about the agent who is being evaluated:

- Does the agent communicate well with your home-base staff in Canada, e.g. the ordering department?
- How resourceful is the agent in initiating new ways to sell your company's line?
- How interested is the agent in doing the job better?

What Next?

There is no guarantee that you will hire the right manufacturer's agent on the first attempt, but you are confident your product is marketable as well as competitive in the U.S. How then can you minimize the market share lost if you need to recruit a new agent?

One approach to this potential setback is to target two or three U.S. territories simultaneously. You do so by hiring agents in neighbouring regions. Should one agent perform, you are right. If all your agents fail, there is a strong likelihood that something is wrong with your marketing mix, i.e. the right product at the right price, in the right place, and with the right promotion.

The Bottom Line

The well-worn expression that "communication is a two-way street" is nonetheless true. In the manufacturer-agent relationship, continuing and frequent contact is crucial to the success of the partnership. Whether this communication is by voicetapes sent in the mail once every couple of weeks, frequent telephone calls, or pertinent messages on postcards, the continuing effort to keep each other informed builds mutual trust. This shared respect goes a long way in ensuring that small problems remain small, and that good sales get better.

* *"How to Evaluate the First Agency of the Team," MANA Directory, 1986, page XIX.*