

Rep Firm Interviews

1. David Nager & Associates: David Nager (18 employees)

- There are Rep firms who only call on WDs, Program Jobbers, Hard Parts Retailers.
- David's firm calls on these plus Account chains, Mass Merchants, Dept. stores & others.
- There are 9 Buying Groups (Program Jobbers): CarQuest, Bumper to Bumper, etc.
 - They still buy from a W.D.
- Hot categories: Cleaners, Chemicals, Waxes, Hard Parts (not all)
- Cold categories: Ignition, Spark Plugs, Wire Sets
- More products are Lifetime Guaranteed and last longer because better made. Impacts sales.
- Strong competitors: Cooper Industries, owner of Champion & Belden Wire, just bought Moog, working on Purolator; Allied (Bendix - Fram); Turtle Wax; Peak
- Sliding Competitors: Armor-All
- Rebuilds: a geographic location business
- Batteries: rule of thumb here, don't ship more than 600 miles or lose out w/high freight payments.
 - Exide & Delco have really cornered the U.S. market. Big players here, stay clear of.
- U.S. market: 10 times that of Canada across all categories
- Canadian products are high quality, usually more than is needed.
- Canadian companies must use good Rep firms, or dedicate a U.S. salesperson.
- Rep firms will sell product & help with information for Mktg. Plans. We do not develop Mktg. Plans.
- Too many Canadian companies don't have their Plans & Support materials altogether.
- Must turn to adapt to consumer & buyer wants. Don't force your product down their throats.
- Ways to succeed:
 - Good product; helps to have something unique/better
 - Competitive price
 - Good packaging. Most companies, Canadian & American, all weak here.
 - Deliver promptly, in full, as promised
 - Sample their product. Work w/the trade to get product tested.
 - Field support. Make sales calls w/Reps. Educate the Reps.
 - Good sell sheets & collateral. Looks professional, organized, & serious.
 - Understand the U.S. trade's tendencies toward credit, which means 90-120 day dating.
- Canadian firms should know roughly the sales of their category in the U.S. and in New England.
 - Run the numbers: X no. of stores x 2 brands x 6 products x Y turns/yr. = Sales
 - If this firm can capture 5-10% of this store or area's business, how big are the sales?
- Rep firm's avg. commission is 5%. Maybe 6-7-1/2% on chemicals, 3% elsewhere.
 - If a firm is only going to sell \$200M in N.E. x 5% = \$10M commission for one firm...we're not interested at this level.
 - \$25-50M in yr. 1 with the potential to double in 1-2 yrs., we're interested!
- These are smaller rep firms with fewer employees and they'll carry smaller companies and be happy with \$10M. But they'll need to carry 10 lines, and have 2-3 employees to survive.
- Rep relationships with key buyers is what companies are buying.
 - Find out what those relationships are and can they cash in and how quickly with this product line.
 - Don't plan to use Rep firms to get in and then drop the Rep firm in 2-3 yrs.
 - Firms will lose out down the road.
 - We have the trade relationship. If we lose the supplier, we'll pull the business at the account.