The Breaking-in Period

There are several tactics you can use to help your new agent become familiar with your company and its products. Depending on the size of your business and the extent of your product line, modifications to some of the following suggestions may be necessary.

1. Write down a set of specific goals for the breaking-in period. Consider what is a reasonable time frame for certain goals to be met within your industry sector, keeping in mind the buying patterns in the new territory.
2. Give the agent an outline of the marketing strategy you developed for the territory (and perhaps for a larger region of the U.S. eventually).
3. Discuss these goals with your agent to ensure that they are realistic for the territory.
4. Develop a short policy manual on your company with the help of your marketing specialist, comptroller, engineers (if applicable), support staff, shipper, and so on. Include topics such as product service, handling of complaints, warranties, order system, advertising, shipping procedures, screening of sales leads, sales commissions formula, and processing.
5. Put together a training program for the agent (and the agent's staff, if any). Consider that short sessions are appropriate when "time is money" for the agent. Consider written manuals, word-processed diskettes, or videos produced inexpensively by your head office staff. The agent can use these in the territory when time allows.
6. Schedule at least one sales meeting, preferably at your plant, within the first six months. An agency will have to plan well in advance to get its staff together at one time. A single agent is more flexible, but will have commitments.
7. Agree on a consistent method for distributing sales literature and other promotional tools to the territory. Timing is very important for seasonal consumer products, e.g. Christmas, summer, etc.
8. Plan with the agent for an evaluation meeting within a reasonable period for your industry, based on the goals you set together (see no. 1 of this list). For consumer products, this could be within two months; for industrial and high-technology equipment, especially with custom-designed components, the breaking-in period could be as long as a year.

Rules of Fair Play

Many manufacturers and agents have stories to tell about past contractual relationships that turned sour. Is there anything to be learned from retelling history?

Some U.S. manufacturers' agents, because they have had a negative experience while representing another Canadian supplier, might be reluctant to represent your company. Conversely, some Canadian manufacturers have their own tales to tell about the past lack of commitment on the part of their former U.S. agents. In the following two cases, the outcome was unfortunate for either the manufacturer or the agent, but it is important to remember that all is not what it seems. How did these cases end up this way, and how can similar situations be prevented?

Case A

A manufacturers' agency in the United States put considerable money and time into building a customer base for the Canadian supplier. Things were going well, but the contract renewal date passed, and when contacted, the manufacturer said, "No," and withdrew from the territory. The agent, who thought this was the beginning of a long relationship, felt cheated, even though commissions on sales for a period after cancellation were paid.

Case B

The Canadian manufacturer expended considerable effort and money in supporting the sales agency's efforts in the United States to build a good customer base for the manufacturer's line. The agency then terminated the contract, picked up a U.S. competitor's line, and supplied the same customers.

Reasons for Termination

What possible reasons can be given for the termination of the two relationships outlined in Cases A and B?

Good faith and fair dealing imply a style of doing business that is based on honesty at the start of a relationship. Briefly, Case A might have been the result of a desperate Canadian manufacturer whose domestic sales were down during a recession in the marketplace. The manufacturer may have tried to penetrate a new territory south of the border, as a short-term measure, until things improved in the home market. This has happened to more than one agent in the United States. In the future, these same agents will want to see a Canadian manufacturer's long-term market strategy before considering any agreement of representation.