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*Sales Agents: cont'd*

Assuming the decision is to proceed, the agency agreement can be drafted. This agreement is a formal commercial document stating how you intend to work together. In this respect it should be clear as to the responsibilities of each party, the territory covered; the prices of the products to him; the terms of payment to your company; warranty issues; inventory requirements; return and repair conditions and terms; the term of the agreement and any cancellation conditions. In addition, you must become familiar with any legal and commercial requirements of the country in which the business will be conducted. Keep in mind the businessmen of the region have been traders for centuries and thus have developed extremely good negotiating skills.

Experience indicates this process can take several months and likely several visits to the region to settle the concerns of all parties. The successful sales agencies in the region all demonstrate a high level of trust and mutual respect between the parties.

*Commission Agents:*

The commission agent is recognized as an integral and necessary part of the business process in the region.

The commission agent has also probably been the single most common source of frustration and heartbreak for foreign companies trying to do business in the region.

Some countries in the area have legal limits to the commissions to be paid to these type of agents. Of course, this does not preclude side arrangements between the parties involved.

As mentioned previously, the commission agent is mainly a broker. His job is to put the parties together and hopefully get a deal. The commission agent usually only works with foreign companies on specific projects which are generally large in scale (several millions of dollars in size).

These agents usually have their strength in their connections to the ruling family or high ranking government officials who are in the decision loop. It is on these connections that they sell their value. Their only role is to provide the environment in which a contract can be awarded or "wired". They will seldom assist in the execution of the final project and in most cases want their involvement to be kept strictly confidential.