As a company export manager or sales manager who is trying to decide on the most appropriate approach for exporting to the U.S., it is crucial that you answer the following questions before you begin your search for the right type of manufacturer's agent:

- What has your company accomplished to date in terms of an overall marketing plan for your products and services?
- Where is your company going in the short term (one to five years), and in the medium term (five to 10 years)?
- What is your short-term sales goal in the prospective new market region? What about long-term goals? Include volume and value of sales estimates.
- Do your chief executive officer and comptroller understand what your market strategy is all about? Are all divisions of the operation on side and prepared to work with manufacturers' agents from time to time in company meetings?
- What kind of customers will you target in the U.S.? You should segment the U.S. market first and target only the customers you can supply readily until you get a firm handle on the market reaction to your product.
- Do you want the manufacturer's agent to do market research for your company? If so, are you willing to pay for this service? (You must pay for the service if you want it.) Can your own company staff handle sales surveys, mailing lists and other periodic research tasks with an agent's guidance?
- Do trade shows enter into your market plan? Who will work the show booths — your company staff or your agents in the U.S.? Be prepared to work out these details.
- What kind of sales reporting do you expect? (Many agents do not file formal reports. There are many types of agent-to-manufacturer communication and you must be open to discussion and prepared to offer some alternatives to a daily or weekly written reporting system.)
- Are you prepared to train experienced manufacturers' agents about your company's policies and product capabilities? (Be prepared with a plan to discuss with prospective agents. They will know how to sell, but is that all they need if they are to be a spokesperson for your company? Let us hope not.)
- Have you examined carefully the cost comparison between hiring a manufacturer's agent versus hiring a salaried salesperson on your company staff to handle your product line in the U.S.? Consider that independent agents pay all their expenses including travel, entertainment, insurance, pension and so on, and are only paid for the actual sales concluded. Ask your comptroller and accountant to help you examine this issue.*
- How important to you is control of the sales function compared to sales results? Independent manufacturer's agents are in business because they know from experience that they can sell very well. Good agents with related but non-competing lines can sell all of their products and service their customers with a more complete package. Are there advantages for your company in this type of representation or is control of a salesperson's time more important to the way you operate your business?
- Are you prepared to treat a professional manufacturers' agent as well as you treat a company salesperson on your staff? Agents expect to be treated with respect as they already have their customers' loyalty. This is important should any disagreement arise between you and your agent. Upon termination of your agreement, the agent's customers may move their business to the agent, and you, the Canadian supplier, will have to start over and rebuild a clientele in the same territory with a new agent.

While this list of considerations may seem very basic to an experienced business manager, it will prove helpful in preparing for meetings with prospective manufacturers' agents in the U.S., even if only one item listed was not on your original planning agenda.

Your top management and traffic manager must be deeply committed to exporting. All U.S. orders must be given as much attention as domestic orders. If an order is held up, the agent <u>must</u> be notified with a firm shipping date. "Being late" with U.S. orders can be fatal.

Working with agents requires careful teamwork. Generally, all aspects of the company's operation become involved in the manufacturer-agent relationship. The remainder of this booklet discusses how to build the team that will introduce your company's product into the United States.

* *Most Canadian sales executives are aware that the cost of keeping a salesperson on the road in Canada is approximately $60 000 to $70 000 per year. Further, once all the administrative costs are added, the final estimate is between $80 000 and $100 000 per year.*