

Looking at the Figures

It's tempting to look at individual figures for each industry and try to come to some conclusion about the state of that particular field. But, this is dangerous. As we said, there are many variables which go to make up commissions and generalizations can be very misleading.

More rates are higher this time than last. Most are not significantly higher, but they are, indeed, up. Why? You can look at this from any number of perspectives, and the chances are that whichever you pick, there would be some grain of truth. For example, as commissions go up, many say that it's a sign that manufacturers are realizing the value of the agent relative to the fixed overhead of a salaried salesperson, and they are attempting to solidify the relationship with higher commissions. There is one truth to this.

Or, you could look at the higher rates and surmise that as foreign competitors enter many of our traditional markets - most with factory-direct people - domestic manufacturers want to strengthen their bonds with their agents to insure a strong competitive effort. There is some truth to this, too.

Or you could simply say that inflation —as low as it is— is still present, and that the increases are necessary to maintain a status quo. This, too, contains some grains of truth.

What we are saying is that there are many factors which can contribute to the slight rise in average commissions. However, if you look at the figures, you'll see that some have dropped. Why is this? Because some industries are softening up? Probably. Because some industries have more than a few agents, and competition for the lines is forcing commissions down? It's probably a factor. And, there are other reasons. Such as not all the same people responded to this survey as past surveys.

The point is that the information in this report is not to be thought of as cast-in-stone. It's to be considered as **advisory**. It must be used in conjunction with your specific situation and with the conditions that prevail in your territory. There are reasons for differentials. And these reasons are the factors of a dynamic free market economy.