Initial Contact with Prospective Agents

Assuming you have the names of at least 10 interesting prospective agents, how do you check them out?

In a letter, compose a series of questions to ask each agent. Have your marketing strategy close at hand for reference. Here are a few questions you might consider:

- Is the agency growing or is it as big as the owner wants it to be? How many field personnel does the agency have?
- In the agent's opinion, are the lines the agency is carrying compatible with your company's product line? Why or why not?
- What types of customers does the agency call on now? Provide your list of customer categories for your firm's product line and include your customer profile (as far as you know it from your research). Can the agency cover these potential clients for your firm?
- State briefly your preliminary marketing and sales goals in the agent's territory.
- Can the agency give you at least 20 per cent of its business time? (This is a chancy question at this stage, but it can be an asset to be assertive in a new market.)
- Request customer references, including one from a principal of the agent.
- Can the agency provide service if your product requires field assistance? How is this handled for the agency's other principals?
- What is the agency's assessment of the prospects for your company's product line in its territory? Are there any changes the agency would recommend in your product?
- How large is an average order for products such as yours from the agency's customers?

The replies from this initial communication can tell you a great deal about the extent of an agent's experience, how anxious the agent is for new business, and the degree of interest the agent has in representing your company. Talk of sales commissions can be left until the next stage in the screening process.

Do not hesitate to follow up your letter with a telephone call if the response does not come as soon as you hoped. Agents, as well, like to know how interested you are in their business.

What if an agent is not interested in your firm or does not feel able to represent your line in the agent's U.S. territory? Do not let the matter drop. Find out the reasons. This research can help you make a better impression on other agents, as well as target necessary changes in your marketing strategy.

Narrowing the List

The search for prospective agents to contact might be over, or you might have to look further and obtain the names of additional agents by recommendation from your industry contacts. If you have received sufficient responses from agents to move ahead, it is time to do some final checking before the interview process begins.

Checking out the agents' references is an important part of the selection process. You should telephone the customers and other principals whose names the agents supplied. Sometimes you might find that the first impression you had of an agent was incorrect. You can also benefit from knowledge of any problems the agent and another principal had to overcome.

How can you do a credit check on your final list of prospective agents? Dun and Bradstreet is one of the service companies which is used frequently, and your bank can — for a fee — arrange a credit check. At some stage in the screening process, you should also ask the agent for a bank reference.

In the general course of things, you will most likely decide to cross off your list several of the prospective agencies you screen. However, this may not be due to negative factors you discover about these agents. Reference checks can save you time and money by helping you avoid interviewing agents with whom you share few mutual business interests.