



GUIDELINES FOR ESTABLISHING REP COUNCILS

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Constitution

- I. The manufacturer Representative Council will be a vehicle which provides for open discussion on all subjects which influence the representative/manufacturer relationship.
- II. The Representative Council meeting will be a business planning meeting and will avoid sales meeting topics.
- III. The Representative Council meeting will be a sounding board for new ideas and allow for discussion of controversial subject matter in an objective manner without recrimination.
- IV. The Council members will select a chairman who will interact with manufacturer's management. Each member will interact with representatives not on the council.
- V. Each Representative Council member will serve at least two (2) years. New Council members will be appointed by the Representative Council.
- VI. The Representative Council will consist of eight (8) representatives. Each of the four (4) sales regions will be represented equally. Each member will be responsible for reporting back to the other representatives in their region.
- VII. The Council will meet once a year with all expenses paid by the manufacturer.
- VIII. A preliminary agenda will be sent to the Representative Council members sixty (60) days prior to the meeting date.
- IX. Minutes, or action items, will be distributed to all Council members for review after which time the complete minutes will be distributed to all of the manufacturer's representatives. As action items are accomplished during the year, a report will be sent to all representatives.

Introduction

Representative Councils are a powerful management tool if they are chartered and structured to provide an open forum for the candid discussion of problems and opportunities in the marketplace. This discussion must be coupled with the clearly stated intent to act upon recommendations of the council.

This type of environment is not for every manufacturer, nor is it compatible with every management style. A Representative Council started for the wrong reasons is a monumental waste of time, talent, and money. Manufacturers need to carefully examine their motives for the establishment and utilization of a Representative Council. If you are not willing to listen, learn, and implement you should re-examine your motive. This is not a means to validate a manufacturer's own agenda.

I. Definition

A Representative Council is an advisory group comprised of key manufacturer management and individuals selected from a cross section of the company's representative organizations. All members of the council have equal standing, except the respective chairs from the factory and representative agency.

II. Purpose

A Representative Council provides a vehicle for an open discussion on any and all subjects which influence the representative/manufacturer relationship. Through the establishment of formalized meetings with agendas and goals, a vehicle is provided to discuss, analyze, review, suggest and implement new policies, procedures, and strategies designed to positively impact the sales and marketing of the manufacturer's products.

It should be clearly understood that a Representative Council meeting is a business planning meeting - "not a sales meeting". Manufacturers should avoid attempting to combine sales meeting topics with the agendas of a Representative Council.

Further, a Representative Council provides an excellent sounding board for new ideas. However, it must operate in an open and free manner. An atmosphere must be created and maintained which allows the discussion of controversial subject matter in an objective manner without recrimination.

III. Subject Matter

There is a wide variety of subjects which are appropriate. Among these are:

1. Manufacturer Policies and Procedures including:
 - a. Representative contracts and agreements
 - b. Termination policies
 - c. Split credit policies
 - d. Guidelines for sales representative performance and evaluation
 - e. Sales meetings and product training, etc.
2. Customer/Manufacturer Policies and Procedures
3. Marketing strategies
4. Stocking programs
5. Pricing policies
6. Dealer issues
7. New product possibilities and possible acquisitions
8. Catalogs and literature
9. Advertising
10. Trade show participation

The list can cover any topic on which the manufacturer would like to receive input from the representatives or any topic which the representatives feel worthy of productive discussion. But, again, it is important to avoid topics that are more appropriate for a sales meeting. The line between Council topics and Sales Meeting topics can be a bit blurred, but it is important to be aware of this guidelines at all times.

Often the representative members of the Council are responsible for soliciting input from or conducting surveys of their fellow representatives on a variety of subjects. This input may take the form of a formal evaluation process as requested by the manufacturer.

Some typical areas that are commonly evaluated by Representative Councils areas:

Common Areas Evaluated by Representative Council:

- | | | |
|----------------------------|-------------------------------------|------------------------|
| ✓ Advertising | ✓ Delivery | ✓ Quality |
| ✓ Channels of Distribution | ✓ Discount Policies | ✓ Responsiveness |
| ✓ Commissions | ✓ Engineering | ✓ Sales Automation |
| ✓ Competitors | ✓ Follow-up formats | ✓ Sales reports |
| ✓ Contracts | ✓ Lead/advertising inquiry handling | ✓ Service/Parts |
| ✓ Credit Policies | ✓ Literature | ✓ Technology Interface |
| ✓ Customer Acceptance | ✓ Phone system | ✓ Trade Show Polices |
| ✓ Customer Service | ✓ Product Capability | |

IV. Who Starts A Representative Council?

Generally, a Representative Council is started by the manufacturer's management for the purpose stated previously. However, in many cases, representatives who are aware of the positive benefits of an effective Representative Council will suggest the idea to management of the manufacturer company.

Regardless of where the idea originates, if the manufacturer, after investigating the features and benefits of a Representative Council, is convinced that it will be beneficial, then it is the manufacturer's responsibility to initiate the formation of his company's Representative Council. Note: If a Representative Council functions in the spirit of an equal partnership then they are extremely beneficial to both partners.

V. Who Appoints A Representative Council?

Representative members of the Representative Council are generally appointed by the manufacturer's sales and marketing management. Manufacturer participants are determined by the manufacturer based upon internal policies and other management considerations. A diversity of positions among your representatives is an advantage to the manufacturer.

VI. The Participants

From The Manufacturer: The sales and marketing executives at a management level normally are the key participants. Depending on need and/or direct involvement, key “decision makers” such as the CEO may be included on the council. Managers from disciplines such as manufacturing, engineering, and advertising can also be included for special meetings on an “as needed” basis. Normally these department managers are not full time participants or members of the council. It is critical that manufacturer participants have the authority to effect most changes that are recommended by the council.

From The Representative: Generally, an owner, CEO, or general manager of selected representative firms are participants. A key to the success of a Representative Council is the careful selection of the representative members. Manufacturers should look for members who will bring a variety of viewpoints to the council. Members should be astute and well versed in areas of marketing, product, and the competition. Normally, it is best for representatives from some of the principal’s major territories to be involved in the council. Furthermore, it is beneficial for the representatives on the Council to have had a significant length of service with the manufacturer so that they are very familiar with the manufacturer’s policies and general operating philosophy and style.

Normally, one of the representatives is elected or appointed Council chairman. He or she chairs the meetings and is responsible for coordinating the preparation and follow-up activities of the other representative members. Typically, the chairman is assisted by a key sales and marketing executive from the manufacturer.

VII. How Many People Should Be On A Representative Council?

There is no hard and fast answer to this question. However, consensus seems to favor the following arrangement:

1. Manufacturer participants: 2 – 4
2. Representative participants: 6 – 8

VIII. Length Of Term

Again, there are no rules, but there are two typical structures:

1. Rotating Representative Participants

In this structure, representatives typically serve 2-3 years within some type of rotating system wherein the terms are staggered to ensure that experienced participants are always on the council. Manufacturers should retain some flexibility so they are able to request additional terms for individuals who are major contributors to the productivity of the council. Typically, this structure ensures a wide variety of input from meeting to meeting.

2. Appointed Representative Participants

In this structure, the manufacturer retains all rights to appoint those representatives who are deemed the most qualified based on the goals and objectives of that particular meeting. Appointments are usually for one year.

3. Appointment of Representative Co-Chair

The representative of the Council retains all rights to appoint their chair. The position should be at least one (1) year with a maximum of two (2) years.

4. Appointment of Factory Co-Chair

The factory retains all rights to appoint their chair.

Typically, this structure leads to longer actual terms for representative participants and more year to year continuity because in many cases the most qualified representatives will tend to be the same ones year after year. The manufacturer must guard against the Council becoming stale or stagnant by making periodic changes to ensure fresh input and different points of view. The manufacturer participants generally remain constant from year to year.

IX. How Often Should A Representative Council Meet?

Normally, Representative Councils are scheduled to meet once a year. However, special meetings or conference calls can be scheduled if a situation warrants with the approval of both co-chairs. In some cases meetings become less frequent as problems are solved and the apparent need for meetings diminishes.

X. Preparation For Representative Council Meetings

A preliminary agenda should be developed and approved by both the factory and representative co-chairs. This agenda should then be circulated by the manufacturer to all members of the Rep Council at least at least 60 days prior to the meeting date. MAFSI offers a Rep Council Survey which can help manufacturers conduct more productive rep council meetings, with open and honest answers.

The MAFSI Rep Council Survey tool is designed to help you gather information open and honest answers from your reps because their answers are anonymous. Survey questions are completely customizable allowing you to receive critical feedback that will help your management team develop agenda items and make important decisions. The survey also includes your company logo and all you have to provide is your contact list. You will receive your results with live graphs and charts and will also be able to dig down to get individual responses. For more information visit - **MAFSI REP COUNCIL SURVEY TOOL**.

The factory and representative co-chairs should encourage the members for suggestions on any additions and/or changes. The chairman and the manufacturer should then distribute the proposed agenda and distribute it to all participants. As an optional step it might be preferable to allow the Council to meet the evening before the formal session to finalize the agenda.

XI. Meeting Locations

Meetings should be held off site so that interruptions can be held to a minimum. It is recommended that the meetings be held near the manufacturer's facility if the participation of non-Council personnel is required for a portion of the meeting.

XII. Length And Timing Of Meetings

Although length will vary, depending on the complexity of the agenda, location, availability of personnel, etc., the ideal duration for a Representative Council meeting is one and one half days. Meetings should be planned for early or late in the week to allow the participants a minimum amount of time away from the office or out of the field.

Understanding the participants are giving up personal time for the enrichment of all, all facets of timing should be considered. High and low business cycles, production'/shipping schedules, geographic location, time of the calendar year, travel ease, and possible recreation should be added to consideration of timing the meetings.

XIII. Representative Council Meeting Expenses

Representative Council expenses, including travel, are mostly paid by the manufacturer.

XIV. Summary

A Representative Council involving responsible and knowledgeable representative participants can provide an outstanding vehicle for a manufacturer to obtain meaningful field sales feedback in an efficient, cost effective manner. The Council meeting should be approached by all participants as a staff meeting designed to deal with planning and strategies which affect the overall health and success of the manufacturer. At the same time the benefits to the manufacturer/representative relationship are obvious.

With sincere effort and a willingness to change on the part of all participants, a Representative Council can make a substantial contribution to the overall success of manufacturers and representatives.

These are the key points to remember:

- ✓ A Representative Council should create an atmosphere of good will.
- ✓ A Representative Council meeting should not duplicate a sales meeting.
- ✓ A Representative Council should help both manufacturers and representatives set meaningful goals.
- ✓ A Representative Council should resolve complaints.
- ✓ A Representative Council should follow up on agreed upon actions.
- ✓ A Representative Council should follow through by communicating results.
- ✓ A Representative Council should yield and reward success.