



Communication & Performance Guidelines

**For Independent Representatives,
Manufacturers and Regional Managers in
the Establishment of Joint Standards of
Cooperation, Communication and
Performance**

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Introduction

THE GUIDELINES FOR PROFITABILITY THROUGH communications and Performance that follow have been for the sole purpose of establishing a "blueprint" for joint standards of cooperation, communication and performance between representatives and manufacturers/regional managers.

THE MISSION OF THESE GUIDELINES IS AS FOLLOWS:

1 "To jointly identify and define Guidelines for communication and performance between representatives and manufacturers/regional managers resulting in the promotion of profitability for the representative/major manufacturer partnership."

2 These Guidelines were developed and are presented as a starting point in a communications process where representatives and manufacturers and representatives and regional managers mutually create a co-performance analysis and mutually establish co-performance objectives.

Please Note: These Guidelines can be used to enhance communication and profitability between representatives and manufacturers/regional managers. In some cases, the representative and manufacturer may want to initiate the communication process. In other situations, the Guidelines may be more useful when used between the representative and



I. Overview

The Representative-Manufacturer Relationship

The relationship is a partnership with attributes similar to those found in a family-type system. As a system, this partnership must be in balance to be productive and to meet its primary objective of profitability. The first step in achieving balance is for each party to assess their own goals, needs and expectations. In turn, both parties need to understand the

“*... open communications, accurate information and mutually agreed upon goals will foster greater productivity and success.*”

regional manager. To these ends, the GUIDELINES were designed to accommodate both communication situations.

As in most situations, the reward from using these GUIDELINES is directly proportional to the time and effort you put into making communications work.

goals and expectations of their "partner." To accomplish the first step towards profitability, the representative and manufacturer should utilize a set of Guidelines to walk them through this important communication process. The purpose of this document is just that - a set of Guidelines for Profitability Through Communications and Performance.

The primary function of the representative-manufacturer partnership is marketing and sales. In today's turbulent and highly competitive marketplace, open communications, accurate information and mutually agreed upon goals will foster greater productivity and success.

There is a simple solution for representatives and manufacturers to achieve increased productivity and profitability, greater innovation, and higher degrees of trust and communication. The remedy is to openly share information and facts, and to use this process as a measure of competence, contribution and reward.

This means that representatives and manufacturers share information among themselves as marketing partners. Factual information of this type can be clearly and openly sought, measured and communicated. Organizations that are driven by the marketplace, facts, reality and cooperation, rather than power and politics, will be those that move toward higher levels of performance and profitability into the next millennium. In order to properly serve the market, manufacturers and representatives must be working toward mutual goals. Their efforts must be coordinated and their communications must be open and honest. In this type of properly structured relationship, there should be no surprises for either partner because information and performance goals are shared.

The Representative-Regional Manager Relationship

Representatives work most directly with regional managers. Based on industry surveys conducted by Berman Publications, and in formal presentations and discussion groups at industry conferences, there are a number of on-going issues and communication problems between representatives and regional managers which can be resolved through better communication and cooperation. This important relationship should foster productivity and profitability for both partners.

The Realities of Open-Communication

In the foodservice industry, change itself may be the only constant. As the independent representative and the manufacturer go forward, their partnership must remain flexible and responsive, focused on meeting the product and specification needs of their end-users. In addition, and in order to survive and prosper within the context of constant change, the partnership between the manufacturer and the independent representative must also be open to change.

COMPONENTS OF A SUCCESSFUL MARKETING PARTNERSHIP

The independent representative-manufacturer marketing partnership will only succeed to the extent that both parties create an environment and communication process that has the following key components:

1. **Recognition by both parties that fixing blame is not the primary goal, sales and profit production are.**
2. **Open, two-way communication and immediate feedback** about problems, needs and expectations so that goals and a common direction are mutually agreed upon.
3. **Use of Guidelines and rules to create a balanced and mutually productive relationship.**
4. **Consistent and measurable results and rewards**

II. Purpose

These Guidelines were developed as a tool for both the independent representative, the manufacturer and/or the regional manager to use when designing, implementing and evaluating a process of communication and performance between the two parties. This process is meant to be constructive and must be developed within an environment of open communication, trust and mutual consent -the ultimate goal being one of increased productivity and profitability for both the manufacturer and the independent representative.

III. Benefits and Results

When communication is open, constructive and honest the independent representative will build his/ her marketing agenda in concert with their manufacturing partner. The benefits to both parties will be a mutually agreed upon direction and commonly held goals. By strengthening this partnership through open communication and joint goal setting, the representative, the manufacturer and/or the regional manager will reap the results of increased market penetration, achieve greater levels of product sales/ profitability and insure the long-term continuity of the relationship.



A well designed communication program will result in the achievement of the following manufacturer's objectives:

- Increased Income
- Market Knowledge Influence and Feedback
- Market Share Growth
- Achievement of Sales Goals
- Enhanced Agency Marketing Skills
- Enhanced Agency Management Skills
- Sales Force Continuity
- Achieve Strategic Direction

A well designed communication program will also result in the achievement of the following representative's objectives:

- Increased Income
- Market Knowledge Influence and Feedback
- Market Share Growth
- Increased Product Knowledge
- Management and Marketing Skills Development
- Agency Continuity
- Achieve Strategic Direction

IV. The Process

The overall spirit that is at the heart of Guidelines for Profitability through Communications and Performance is a process that encourages the representative and the manufacturer to develop a constructive means to open communications so that respective agendas and goals are discussed and understood. This process is designed to prevent surprises and allow each party to take appropriate and

necessary action to avert irreconcilable differences and rifts between marketing partners.

The representative-manufacturer communication process has been divided into FIVE key steps:

THE FIVE KEY STEPS OF REPRESENTATIVE-MANUFACTURER COMMUNICATION PROCESS



Please note: To achieve the overall objectives of GUIDELINES for Profitability through Communications and Performance, the implementation of "The Process" must be on-going, nonlinear, flexible, adaptable to change and reviewed continually. For maximum success the planner must be the implementer.



STEP 1: Current Situation
 ("Where Are We Now?")

As a starting point in the process of developing Profitability through Communication and Performance the independent representative and the manufacturer and/or regional manager must accurately

assess and define the current market situation and the strengths and weaknesses of their respective marketing partner.

The following assessment tool may be of use in defining the current marketing situation and the strengths and weaknesses as perceived by each respective party.

Assessment Example #1
 Current situation for XYZ Repco and AB Manufacturing company

Date: _____

Assess	1. Assess each partners' performance from 1 (performance rarely equaled) to 5 (failed to meet minimum agreed upon standards).
Compare	2. In making your assessment compare the other party to other partners you work with. For example, representatives compare this manufacturer to others you represent, and manufacturers compare this representative with others you work with.
Decide	3. Each marketing partnership must decide upon areas of importance that fit their unique situation. Some examples of areas of assessment are on the following page.
Discuss	4. Make your assessment prior to meeting with your respective marketing partner so that both the representative and the manufacturer are prepared to conduct a productive discussion during the assessment meeting.
Set Goals	5. After conducting the CURRENT SITUATION (this assessment) conduct the GOAL SETTING phase (Step 2) immediately.
Focus	6. While an assessment is helpful in achieving a quantifiable evaluation, the assessment should not be an end in itself. In this step of the process, it is more important to have an open, two-way discussion revolving around the strengths and weakness of each marketing partner in areas of importance to overall profitability for both parties. The discussion that evolves from this phase of the process should focus on how each can be improved and the resulting benefits, rather than a recitation of past problems.

Example Areas of Assessment	Manufacturer/ Regional manager	Representative
Marketing Program - thoroughness, follow-through, etc.	1 2 3 4 5 N/A	1 2 3 4 5 N/A
Price Realization - value of line, objectives, etc.	1 2 3 4 5 N/A	1 2 3 4 5 N/A

During the Current Situation step it may also be productive for the manufacturer/regional manager and representative to discuss some of the other areas of mutual interest listed below.

- Market Conditions, the Competition and Opportunities
- Marketing Strategy, Direction and Current Objectives
- Market Share Analysis
- Market Forecasting
- Marketing Services and Telemarketing
- Joint Calls
- Training
- New Product Development and Introduction
- Communications, Quality of Reporting
- Paperwork and Feedback
- Delivery and Returns
- Management and Staffing
- Administrative Support
- Automation and Computerization
- Value-Added Services
- Warehousing Inventory
- Value of Line
- Commissions
- Support on Promotions
- Product Line Mix/Conflicts
- Sales History/Performance
- Planning Requirements

In the Appendix section of these Guidelines we have included some sample assessment forms that the representative and manufacturer/regional manager may want to incorporate in *Step 1: Assessment of the Current Situation*.

STEP 2: Goal Setting

(Where Are We Going?" And "When Do We Expect To Get There?")

The GOAL SETTING step of Guidelines for Profitability through Communications and Performance is an introspective process. Once agreed upon, the GOALS are most constructive when committed to writing.

One of the most pressing communication problems between manufacturers/regional managers and representatives revolves around miscommunication about goals and expectations. To alleviate some of the destructive aspects of miscommunication, manufacturers and/or regional managers and representatives need to have mutually agreed upon goals. Reaching a consensus on clearly defined goals is the second step in establishing the cooperation and communication that should eventually result in profitability for the representative and the manufacturer.

To start this phase, both the representative and manufacturer/regional manager must mutually define their respective goals. If these goals do not match, the chances of success towards profitability are minimal. If the respective goals do not complement each other, both parties need to know what it will take to get them congruent, assuming the goals are synchronized, both parties will need to determine the specific action-areas including marketing, that need to be addressed and what each participant will do to insure success. In addition, the manufacturer and the representative need to agree upon the standards of performance to reach the established goals and the time frame in which the goals will be achieved.

Please note: THE GOALS MUST BE CLEAR, SIMPLE AND MEASURABLE.

Goal Setting Example #1

Goal Increase market penetration by 1% on the new XYZ Widget System.

Actions:

<i>Manufacturer/Regional Manager</i>	<i>Representative</i>
Develop mailer	Conduct mailing
Identify prospects by sic	Develop call list
Train representatives on product	List stocking distributors
Provide leads	Make calls and close orders
Provide samplers	Provide product training
Maintain inventory	Follow up on orders
	Focus on reorders

Standards of Performance: Add "X" number of stocking locations and close "X" number of sales by____ (date).

Time Frame: "Y" weeks after factory notification of inventory availability.

Goal Setting Example #2

Goal: Conduct a series of joint calls/meetings with customers to introduce the new XYZ widget.

Actions:

<i>Manufacturer/Regional Manager</i>	<i>Representative</i>
Call representative to establish who will be contacted, when and where	Representative calls to set up appointment/ representative calls to confirm appointment
Regional manager and representative conduct the meeting	Regional manager and representative conduct the meeting
Regional manager provides product information to representative, if needed After order is taken, regional manager follows up on initial order and delivery	Representative follows up with additional information as requested by the distributor
	Closes order with distributor
	Continues to provide sales support and talks to distributor regarding the order status and solicits future orders

Standards of Performance: Make "X" number of joint sales calls by____ (date). Time Frame: "Y" weeks after the goal established.

STEP 3: Critical Success Factors

("How Do We Get There?")

In this phase of the process towards Profitability Through Communications and Performance, the manufacturer/regional manager and the representative must answer the following basic question:

"What factors are mutually agreed upon and considered critical to accomplish each GOAL (those goals agreed to in the GOAL SETTING phase) within the agreed upon time frame?"

Example:

Goal: Increase stock locations for the new XYZ Widget System.

Critical Success Factors - Manufacturer/Regional Manager	Critical Success Factors- Representative
<ol style="list-style-type: none"> Product Availability Collateral Materials Representative Training Accomplished Price Guidelines Measurement Reporting 	<ol style="list-style-type: none"> Action Plan Resource Commitment Develop Distributor Awareness By Calling On "W" Of Distributors Specification Development - Update Catalogs Conduct Counter Days With "#" Of Distributors Develop End User Awareness Calling Program

STEP 4: Actions, Follow-through And Monitoring

("How Will We Take Action, Follow-through And Monitor Our Progress?", "How Frequently Will We Communicate?" And "Who Is Responsible To Do What?")

The purpose of this phase in the Guidelines is not to create more paperwork for either the representative or the manufacturer. The objective is to structure an on-going mode of two-way communications between the marketing partners so that actions are taken, follow-through accomplished and progress monitored. The process should be interactive, timely and sometimes immediate.

Action Examples:

Manufacturer/Regional Manager	Representative
<p>ACTION: Report stock situation and orders received from each distributor. FOLLOW-THROUGH: Weekly MONITORING: Written form sent to representative.</p> <p>ACTION: Report success stories from field. FOLLOW-THROUGH: Immediately MONITORING: Verbal - call representative.</p> <p>ACTION: Provide lead generation from advertisements. FOLLOW-THROUGH: Weekly MONITORING: Written list sent to representative.</p>	<p>ACTION: Completion report for counter day. FOLLOW-THROUGH: Immediately MONITORING: Written form sent to regional manager.</p> <p>ACTION: Update catalog. FOLLOW-THROUGH: Weekly MONITORING: Send update form to factory.</p> <p>ACTION: Progress update to Product Manager. FOLLOW-THROUGH: Monthly MONITORING: Call Product Manager during introduction period.</p>

STEP 5: Results, Review and Adjustments

("How well did we do in accomplishing our goals?" and "What adjustments should we make?")

In this last step of Profitability through Communications and Performance, both the manufacturer and the independent representative will assess the other's performance on the goals established in Step 2: GOAL SETTING. While the following format provides a basic framework for rating your marketing partner's results, it is more important to discuss what each party will do to enhance profitability and to better communicate when the entire process is re-initiated.

Directions: Rate your marketing partner's performance on each goal established in Step 2: Goal Setting. Use the following ratings or develop your own which will best characterize the results of your partner's performance on each goal.

○	○	○	○	○
RE	CE	MR	MM	FM
Performance Rarely Equaled	Clearly exceeded expectations.	Met all requirements of accomplishing the goal	Met minimum standards	Failed to meet minimum agreed upon standards

V. Legal Considerations

Independent representatives are in fact independent contractors that serve as the marketing arm for manufacturers. As independent agents, this type of performance analysis can and should be tailored to the individual firm. While there are no legal requirements that all programs be the same, it is important for the independent representative and the manufacturer/regional manager to have open, two-way communications as to where they are going, how to get there, and the overall results of these joint efforts.



“...the independent representative and the manufacturer/regional manager [must] have open, two-way communications...”

VI. Guideline Summary and Evaluation Forms

Guideline Summary

What the Representative Should Expect From the Manufacturer

1. Thorough education on product line
2. Field work in territory
3. Competitive pricing
4. New products/Quality products
5. Reasonably prompt shipments
6. Professional literature
7. Adequate samples
8. Fair contracts for services
9. Telephone availability of key personnel
10. Telephone calls promptly returned
11. Promotions for distributors
12. Fair commission rate of compensation
13. Accurate, on time commission payments
14. Commissions paid on shipment
15. Accurate shipping information
16. Awareness of account contact, be it in person, telephone, or in written form
17. Sales summary reports
18. Knowledge and review of company's goals and plans
19. Critique of performance
20. Factory site education
21. Quality control
22. Regular and timely sales meetings
23. Timely, accurate competitive information

What the Manufacturer Should Expect From the Representative

1. Quality sales effort
2. Immediate exposure to major accounts
3. Professional sales presentations
4. Knowledge of product line
5. Accurate knowledge of competitive activity
6. Help in account collections;
7. Support of promotions
8. Distributor b-dining on product line
9. Timely follow-up on requests
10. Trade show participation
11. Well scheduled field sales work
12. Effective program for lead follow-up
13. Non-competitive representation
14. Reasonable feedback on leads
15. Updating distributor literature and price fists
16. Conduct distributor sales meetings
17. Input on sales projections
18. Telephone calls promptly returned
19. Knows position in marketplace
20. Fair amount of time selling line
21. Samples in good condition
22. Belief in products
23. Ethical business conduct
24. Attendance at sales meetings

Manufacturer's Assessment Of The Representative

Manufacturer:	Representative Agency:	KEY 1 = Performance rarely equaled. 2 = Clearly exceeded expectations. Contributed significantly to the success of the overall program toward profitability. 3 = Met all requirements of accomplishing the goal. 4 = Met minimum requirements 5 = Failed to meet minimum agreed upon standards.
Territory:		
Individual(s):		
Regional Manager:	Date:	

Assessment Item	Evaluation Points	Comments/Assessment
Quality of Representative Staff		
Written Marketing Plan		
Ability to Carry Out Plan		
Communications With Manufacturer		
Investment in Representative Business		
Sales to Plan %		
Margin Index		
New Product Sales		
Quality of Customer Service		
Representative Staff Training		
Representative's Succession Plan		
Representative's Selling Skills		
Sales Forecast Accuracy		
Product Knowledge		
Competitive Feedback		
Timely Follow-Up		
Sales Lead Follow-Up and Feedback		
Distributor Training and Sales Meetings		
Specification Effort		
Total Evaluation Points (Add Column)		20-40 - Very Favorable for Business Relationship 40-60 - Need Further Evaluation of Problem Areas (see comments) 60 or more - Explore Other Alternatives

Representative's Assessment Of The Manufacturer

Representative Agency:

Manufacturer:

Individual(s):

Regional Manager:

Date:

KEY

1 = Performance rarely equaled.
 2 = Clearly exceeded expectations.
 Contributed significantly to the success of the overall program toward profitability.
 3 = Met all requirements of accomplishing the goal.
 4 = Met minimum requirements
 5 = Failed to meet minimum agreed upon standards.

Assessment Item	Evaluation Points	Comments/Assessment
Top Management		
Regional Managers		
Customer Service		
Commissions Paid on Time		
Systems and Follow-Up		
Inside Support Availability		
Manufacturer's Marketing Services and Programs		
Regional Managers Product Knowledge		
Communication with Representative(s)		
Quality of Products		
New Product Development and Introduction		
Sales Literature		
Overall Service Quality		
Ethics and Fairness		
Advertising		
Factory Training		
Competitive Pricing		
On Time Shipments		
Sales Reporting		
Total Evaluation Points (Add Column)		20-40 - Very Favorable for Business Relationship 40-60 - Need Further Evaluation of Problem Areas (see comments) 60 or more - Explore Other Alternatives