



Member's Corner Some sage advice

by Steve Grossman, CPMR

Former IHRA President & Chairman

Before I get into the topic that has been percolating in my head, I want to offer the best piece of advice I can give any of you. If you have not read the book "The Millionaire Next Door" by Stanley and Danko, do it as soon as you can. It is one of those common sense books that will make you review how you accumulate money and how you spend it. It also gives you a picture of what you are doing now and how it will affect your future and your children's future. If you go to <http://www.mrref.org/> and click on Amazon.com, you can then order the book and give a donation to MRERF at the same time.

As I said before, I have been wrestling with the issue of the change rep business and how it affects me. I, like others, have seen a shrinking account base and at the same time quality manufacturers. I have seen more of my accounts use global sourcing. It is a constant struggle/challenge to continue to offer value to our customers and stay ahead of the game. I attended a local ERA chapter meeting discussing the topic "How to survive in the rep business." Even though this presentation and discussion had a lot to do with distributors, component building, and territorial split commissions, there were some universal truths for Houseware reps too.

1. You must continue to bring value to your customer and manufacturers. Bring new ideas to both, assume more of the customer service function, and figure out ways to save both sides money.
2. Start calling on the midsize and smaller accounts.
3. Take a hard look at increasing your

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The Subject is Taxing!

Create a new tax plan

by Stanton B. Herzog, IHRA CPA and Financial Consultant

As mentioned in a previous article, the biggest changes in the new tax law pertain to the phasing down and out of the estate tax, only to be resurrected to its present levels on January 1, 2011. In order to make the most of this opportunity, at least as the law is presently written, those who have substantial net worth should arrange for their death to happen in 2010. Given that there are those of you who are opposed to that kind of planning, the next task will be to carefully watch your heirs, lest they undertake the situation of your demise without your consent.

Well, as the estate tax exclusion increases, you may feel that there is no cause to do estate planning. Unfortunately, diligence is still required. First of all, the exclusion (which is \$1 million for the years 2002 and 2003) only increases to \$1.5 million in 2004 and 2005. For the next three years, 2006 to '08, the exclusion increases to \$2 million. Thus, during the next seven years, Congress has every opportunity to stop this gradual elimination of the estate tax. It is simply too soon to abandon estate tax planning.

Those of you that have an estate plan will need to review them with your attorneys. Most people have provided in their wills for their estate to be divided into a marital trust (or property given to the spouse outright) and a "remainder" trust for the other heirs. The object in such an estate plan is to provide an amount equal to the estate tax exclusion to the remainder trust (which, therefore, eventually passes, tax free, to the heirs), and the rest to the spouse, which is also tax free under the present law. First to die, no tax, no problem. Or, at least the estate taxes are deferred until the death of the surviving spouse.

Reread your will, however, to follow the money flow. Previously, \$675,000 went into the remainder trust. Now, it's \$1 million. In two years, it will be \$1.5 million. As the exclusion increases, the remainder trust increases. The marital trust decreases an equal amount. This can lead to a dramatic drop in the marital trust. For example, if a spouse had died in 2001 with an estate of \$1.5 million, the marital trust would have been \$825,000 (\$1.5 million less the \$675,000 exclusion). If s/he dies in 2002, the marital trust will be \$500,000 (\$1.5 million less \$1 million). If s/he dies after January 1, 2004, the marital trust will not be funded at all. Therefore, the remainder trust wording becomes all-important. What right does the spouse have to invade the income and

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Steve Grossman (from page 1)

travel radius, therefore your customer base.

4. Increase your "line card" to include soft conflicts as long as they bring synergistic selling to your customers. (Some principles I would share this with, some I would not.)

5. Bring concepts, complete programs to your customers, not items,

6. Invest the time to know your customers and factories, and their competitor's websites. Knowledge is power.

7. This one gets to be a bit tricky. If your manufacturer is transferring more customer service to you the rep, somewhere you have to evaluate if the time, the item you really sell, is paying off. (The honest sales managers say that there is a point that the rep needs to stand

up and ask for more percentage or flat fee for the extra services. If you do not ask, they probably will not give it.)

Some days I do not know if I am up for the struggle of wearing down a new buyer for one to two years to be a new source. Some days I do not know I am up to dealing with manufacturers who are so focused with marketing or production verses sales and taking care of our customers. Again I know it is not an option I can choose at this time.

I offer all of you a challenge. Send in your suggestions of your coping skills and or how you deal finding new customers. Then next month we will share them with your fellow IHRA members.

Good Selling. Steve Grossman steman4@aol.com.

Stan Herzog (from page 1)

the principal of the remainder trust? A person could feel that the spouse could live the rest of his/her life on \$825,000. How well can s/he live on nothing?

You might also want to review charitable gifts. I have received a notice from a charity that stated that because the estate tax has been reduced, I have more after-tax dollars to give them in my will. True though it may be, the logic is twisted, because the government is paying a lesser share of the gift, and therefore, your estate's after-tax cost will be greater. If your will contains percentages of the estate going to charity, you need to study the consequences.

The next situation is state estate or inheritance taxes. Most states have accepted, as full payment of

their state death taxes, the amount allowed as a state-tax deduction on page I of the federal tax form (form 706). When the federal tax decreases substantially and finally to zero, will the states acquiesce? We understand that many states are looking at a substantial loss of easy revenue and they are not happy. Keep an eye on your state congressperson, and watch for states to separate from the federal estate tax rules and start creating death taxes of their own.

For the first time in history, the rules for gift tax exclusion will differ from the estate tax exclusion after the year 2003. When the estate tax exclusion increases to \$1.5 million, the gift tax exclusion will NOT increase, and no further increases are anticipated. You could therefore be taxed

on a gift made before death that you might not be taxed on if willed after death. The amount per person that can be gifted without invasion of the \$1 million exclusion (which has been \$10,000) has been increased to \$11 000 for 2002, and will be adjusted for only cost of living expenses thereafter.

FYI: The mileage allowance has increased from 34.5 cents to 36.5 cents per mile for 2002. This is the amount that can be reimbursed by your employer or deducted on form 1040 without the requirement to provide proof of costs, only a contemporaneous record of car use for business. Also, the Social Security wage limit has been increased to \$84,900 for 2002.

There are still rooms available at the Hampton Inn for the National Hardware Show . . . but not for long! Contact the IHRA office for reservation form.

2003 INDUSTRY CALENDAR OF EVENTS

June

IDDBA Show

June 01, 2003 - June 03, 2003

Las Vegas, NV

Coffee Fest Atlantic City

June 06, 2003 - June 08, 2003

Atlantic City, NJ

Gourmet Awards

June 06, 2003 - June 08, 2003

Dallas, TX

Dallas International Gift & Home Accessories Market

June 20, 2003 - June 24, 2003

Dallas, TX

The Southwest Foodservice Expo

June 22, 2003 - June 24, 2003

Dallas, TX

NASFT Summer International Fancy Food Show

June 29, 2003 - July 01, 2003

New York, NY

July

Atlanta International Gift & Home Furnishings Market

July 11, 2003 - July 15, 2003

Atlanta, GA

Fall Gift & Home Furnishings Market

July 15, 2003 - July 22, 2003

Los Angeles, CA

California Gift Show

July 19, 2003 - July 22, 2003

Los Angeles, CA

July Chicago Gift & Home Market

July 24, 2003 - July 31, 2003

Chicago, IL

Washington Gift Show

July 27, 2003 - July 30, 2003

Chantilly, VA

August

Orlando Gift Show

August 02, 2003 - August 05, 2003

Orlando, FL

New York International Gift Fair

August 09, 2003 - August 14, 2003

New York, NY

CGTA Gift Show

August 10, 2003 - August 14, 2003

Canada

41 Madison Gift Show

August 10, 2003 - August 14, 2003

New York, NY

Seattle Gift Show

August 16, 2003 - August 20, 2003

Seattle, WA

Tendence Lifestyle

August 22, 2003 - August 26, 2003

Frankfurt, Germany

San Francisco International Gift Fair

August 23, 2003 - August 27, 2003

San Francisco, CA

SIAL Mercosur

August 26, 2003 - August 29, 2003

Buenos Aires, Argentina

September

Natural Products Expo East

September 04, 2003 - September 07, 2003

Washington, DC

Philadelphia Candy Show

September 07, 2003 - September 09, 2003

Philadelphia, PA

Fall Chicago Gift & Home Market

September 12, 2003 - September 14, 2003

Chicago, IL

NASCORE Coffee & Tea Trade Show

September 12, 2003 - September 14, 2003

Portland, OR

Atlanta Gourmet Show & Fall Gift & Accessories Market

September 13, 2003 - September 15, 2003

Atlanta, GA

New York Home & Textiles Show

September 19, 2003 - September 22, 2003

New York, NY

Dallas International Gift & Home Show

September 20, 2003 - September 22, 2003

Dallas, TX

Fall Gift & Home Furnishings Market

September 28, 2003 - September 30, 2003

Los Angeles, CA

October

Anuga

October 11, 2003 - October 15, 2003

Koln Messe - Cologne, Germany

Atlanta Gourmet Show and Gift & Accessories Market

October 13, 2003 - October 16, 2003

Atlanta, GA

Last month IHRA members received a copy of the MRERF Newsletter. Some of you were probably puzzled as to what MRERF is and does. It is the Manufacturers' Representatives Education and Research Foundation. It provides educational opportunities on how to be better at what you do for a living. Now that the Housewares Show has moved their dates, more housewares representatives will be able to take advantage of the CPMR Program. (Currently, Steve Grossman is the only IHRA CPMR.)

MRERF also educates the industries (all of them!) and academia about the value field sales professionals bring to all marketing channels. The following is information about CPMR and how manufacturers view its importance.

Thanks for the CPMR!

Unsolicited compliments are the most appreciated. And that's exactly what John Heilstadt, executive vice president of sales & marketing, Elkay Manufacturing Company, received from one of his independent manufacturers representatives.

For more than 80 years, Elkay, headquartered in Oak Brook, Illinois, has been an innovative manufacturer of stainless steel sinks, water coolers, drinking fountains, water filtration products and faucets for residential and commercial use.

According to Heilstadt, while accompanied by several of his reps at a trade show in Toronto, Canada, he was approached by the owner of a prosperous and growing rep firm. The rep's first words for the manufacturer expressed appreciation for "making us go to CPMR."

The Certified Professional Manufacturers Representative (CPMR) program sponsored by MRERF, was created to provide executive education for owners and managers of professional field sales organizations. The program calls for a one-week commitment for each of three years, taking courses designed for rep firm owners.

According to Heilstadt, "I couldn't have been more complimented. There was some skepticism initially, when we required that one person from each of our rep firms would be required to pass the CPMR program. The truth was that some people were enthused—others weren't. When all was said and done, however, the comments I received from that one rep in Toronto are reflective of what all my reps believe. They recognize the value of the program and many of them have told me that their participation in CPMR has affected their business decision making in a positive manner."

Heilstadt isn't the only manufacturer reporting positive input on CPMR. Larry Fisher, electrical division manager, Erico, Inc., Solon, Ohio, reports that the message he regularly communicates is that "seeking out reps who have the CPMR designation absolutely maximizes the manufacturers efforts in the selection process." He adds that he has heard that some manufacturers value the program so much that they help pay the rep's tuition expenses. "I don't know if the absence

of CPMR is a real deal breaker or not," he says. "But from a recruiting standpoint, it's a true benefit. I'd also say that when we manufacturers talk when we're looking for a rep, the existence of the CPMR designation assuredly comes up."

And in communicating with one of his company's independent reps, Del Nickel, president, Hoffman Enclosures, Inc., Anoka, Minnesota, wrote "...the planning focus, overall business skills and quality of your and our independent representative organization has improved dramatically over the last five years. In this regard, I believe the CPMR program has provided invaluable insight and training that was much needed. I encourage you to accelerate the process and continue the learning."

Manufacturers aren't alone in their praise of the CPMR program. The consensus among a number of reps is that the three-year commitment to the program pays off as manufacturers have become conscious of the CPMR designation and look for it when choosing their rep marketing partners. Among the comments offered by reps on their experience in completing the program are:

* "We've completed several interviews where manufacturers had a list of questions, one of which was 'How many of your people have completed CPMR?' That shows me they believe the program is important."

* "One of my principals has been a proponent of the program for years. He believes in it to the extent he pays one year's tuition for me."

* "We completed our CPMR designation early on and in hindsight that was unfortunate. Since we did it, classes have improved immeasurably. It's really just another of those tools that you need to have in order to be successful as a rep."

Dates for CPMR Courses:

August 10-14, 2003 at Indiana University

January 11-15, 2004 at Arizona State University

August 8-12, 2004 at Indiana University

For complete information and registration, see their website: www.mrerf.org



**IHRA Members are invited to attend.
Same registration fees as ERA, MANA & NEMRA**

Keystone 2003

Will "Raise the Bar" of Rep Firm Management

September 10-14, 2003

at Saddlebrook Resort near Tampa, FL

Manufacturers' representatives and agents in all industries are invited to "raise the bar" of their firms' management by participating in a new event to be co-sponsored by the Electronics Representatives Association (ERA), National Electrical Manufacturers' Representatives Association (NEMRA) and the Manufacturers' Agents National Association (MANA). KEYSTONE 2003, a summit for professional manufacturers' representatives, is scheduled Sept. 10-14, 2003, at the Saddlebrook Resort near Tampa, Fla.

"It should not take long for reps to recognize and remember the name of the new event," says NEMRA's incoming chairman, Sam E. Johnson, CPMR, of Electra-Tek Carolinas, Inc., Greensboro, N.C. "We chose 'keystone' because it means something that is depended upon for support," he explains. "Our associations are keystones for our members, and this event will be a keystone for the participants."

Henry Bergson, president of NEMRA, describes Keystone 2003 as the first-of-its-kind gathering and "the place where the best and the brightest in the professional field sales business will come together. Our attendees will be the reps who are doing a good job running their firms but who want to raise the bar of their individual firms' performance and operation."

Ray Hall, executive vice president and CEO of ERA, adds, "Roundtable discussions among the attendees and plenty of time for networking are the highest priority in our program planning. Reps tell us they want more opportunities to learn from each other by exchanging ideas and sharing their best practices. Keystone will deliver those opportunities."

For MANA, Keystone 2003 will be a new type of venture. Helen Degli-Angeli, the association vice president, notes, "Some of our members responded to a recent education survey with a suggestion that MANA sponsor an annual conference in a resort location. Keystone will fill that need by providing a timely educational program in a relaxed environment."

A major focus for the Keystone program committee will be the "take-aways" -- the information, strategies and how-to tips that attendees will take home. Assistance and support to help participating reps implement those "take-aways" will also be incorporated into the overall program.

Further information on Keystone 2003 will be available shortly from the program planning committee. In addition to Johnson, Bergson, Hall and Degli-Angeli, that committee includes four representative firm owners and three association staff members.

Other committee members from ERA are: Mark Conley of O'Donnell Associates North, San Jose, Calif.; Dave Norris of Norris Associates, Hingham, Mass.; Bryan Shirley, CPMR, of Colrud-Lowery, Inc., West Deptford, N.J.; and Tess Hill of the ERA staff. Additional committee members from NEMRA are: John Greenwald of I-PRO, Inc., Denver, Colo.; and Nancy Sciotto, the association vice president of operations. The second MANA committee member is Joe Miller, the association president and CEO.

Complete information and registration is available on the website:

<http://www.era.org/conference/keystone.pdf>

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