



Here is a very special perspective that was presented by former IHRA President and Chairman of the Board, **Peter Bang-Knudsen**, at a principal's sales meeting. It's a message of importance to all REP[®]orter readers.

The Role of Multiple Line Independent Manufacturers' Representatives In 2004

*Come gather 'round people
Wherever you roam
And admit that the waters
Around you have grown
And accept it that soon
You'll be drenched to the bone.
If your time to you
Is worth savin'
Then you better start swimmin'
Or you'll sink like a stone
For the times they are a-changin'* Bob Dylan

Historical Perspective



In Arthur Miller's *Death of A Salesman* the principal character, Willie Lohman was the classic road warrior who reached the end of his road. His new, younger sales manager had no interest in Willie's stories of buyers he used to know and orders he used to get. His family life was in shambles because he had spent too much time away on road trips and neglected personal relationships. The play was set in post-World War II America and was a strong commentary of change in business and personal lives at the end of the 1940's. I look around at our industry and see a business environment vastly changed and changing faster every day. I see key players and decision makers in both wholesale and retail who were not born when many of us started selling housewares. I still see modern day examples of Willie Lohman, who just *don't get it*.

One of my favorite modern parables is a popular book entitled *Who Moved My Cheese?* If you haven't read it yet you should buy a copy today and read it before the day is over. The author has also written several similar personal motivation books including *The One Minute Manager* and his most recent : *The Present*.

We go to many meetings and trade shows where the key topic of conversation is about how **things are just**

not like they used to be, less traffic at shows, consolidations, commission cuts, where are all the experienced buyers, where do they get these "sales managers"? You know all the stuff that reps talk about when things aren't going right. "traffic, attendance, consolidations, sales managers, commission cuts" are like Mark Twain's comment about the weather: **"Everyone talks about it but nobody does much about it..."**

I find our agency in a completely new environment from 5 or 10 years ago. Our biggest customers then have become irrelevant, our biggest customers today did not exist 5 to 10 years ago. I look back to the beginning of my career and reminisce about the big players then: Catalog Showrooms, Stamp Catalogs, Sears, Wards, Gemco, and 8 major department store groups that are declining or gone.

Today as we try to leverage our past relationships into business for our manufacturers we are finding some pretty weak links. The "old boy network" of old time

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Please see page 4 for a special Members' Corner article by John Provenza of Provenza and Associates, Des Plaines, Illinois

The Role of Multiple Line . . . (from page 1)

housewares reps and buyers are just that, “old boys” in a world where **at least half the industry’s key decision makers are neither old nor “boys”**. The days of running our rep agencies out of the trunks of our cars and based on relationships with old pals are over!

Today’s Approach

I highly recommend that everyone who is serious about being an independent representative in the long term join a couple of key trade associations:

1. **IHRA:** www.ihra.org
2. **MANA:** www.manaonline.org

Through those associations you can obtain group benefit programs, professional articles, newsletters, magazines and the Operations Manual For Manufacturers’ Representative Firms which is published by **Manufacturer’s Representatives Educational Research Foundation**.

A big function of associations is to educate manufacturers on the value added aspect of using outsourced independent multi-line manufacturers’ representatives. There are thousands of representative agencies in many industries that face exactly the same challenges we do. Did you know that MREF holds college credit, advanced degree courses on becoming a more professional representative?

EDI and bar code scanners have been around a long time. When first introduced many of us feared this technology would eliminate us, the middlemen. The same happened with toll-free factory order numbers, direct faxing of orders, e-mail, online ordering, etc. Somehow independent reps survived technology and we still provide the **vital human**

link in buy-sell environments.

There is absolutely no reason for any buyer to order anything through a representative since all the information is available and direct contact is possible with any factory. So why does it seem we are busier than ever making face-to-face sales calls and processing orders? The answer is that **we provide a wealth of information and experience to help the buyer order the right merchandise and help manufacturers produce and stock the right goods**. The axiom, “If anything can go wrong, it will.” is experienced by us every day. **We are there to unscramble things when they do go wrong and we “Add value” for our customers and our factories.**

Added value of outsourced representatives

The dreaded “company sales person” is an expense that most small to medium sized manufacturers cannot afford. Many larger firms are also finding that **outsourcing sales professionals makes much more sense than hiring, training and maintaining an in-house sales force**. Those of us in the independent multi-line rep agency business know that we can bring so much more to the table than that “company person”. Outsourcing representatives who already have trade contacts, established customers and in-depth industry knowledge provides a manufacturer with an instant sales force with suitable customers who are already buying from that sales representative. Ideally that representative will already carry complementary product lines. This phenomenon is known as **synergistic selling**.

Synergy

When we offer manufacturers a trained, experienced sales force with existing business relationships in the field it is based upon our sales as-

sociates meeting with a buyer to present several complementary lines suitable for that account. The buyer is already willing to see us because we have lines A, B and C in our bag. When we bring another line or a new item that complements a theme from A, B or C it is a very natural progression. We already know what products a prospective customer carries and what from the new line they are likely to buy. We know the all-important buying cycle of each account and know where vacuums and weaknesses exist that provide openings for our new product. We know that the account buys hundreds of line B’s salad bowls and is a perfect candidate for our new Salad Spinner. Conversely, we know when the store has credit problems and don’t waste time and resources traveling to that account.

With sales call costs going higher all the time we can benefit the manufacturer by combining a trip and sharing the expenses among several manufacturers. In any event we don’t get paid anything until after the sale is made and the goods are invoiced. The “company person” cannot make most sales calls made by us and make a profit for their factory.

Because we attend many shows, buyer meetings and sales conferences we are able to provide current, vital information to our manufacturers about trends, fashion and market conditions.

We network with similar rep agencies throughout the Country and can recommend others to represent a product line. The association to which we belong (IHRA) has rep locators and lines available services, putting prospective sales professionals in touch with new manufacturers. When calling on ma-



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job accounts with a sales manager we are ready to brief them on the current situation and to advise what approach should be taken. One of the best attributes in synergistic selling is that **we are independent and are going to be straightforward and forthcoming** when opinions are needed by management. **We are a most valuable consulting source for our principals** in matters having to do with customers in our region, we **“know the territory.”**

(The following section is sourced from “Operations Manual for Manufacturer’s Representative Firms”

Section 4.1.0 Principal Relations

Meeting the Principals’ Business Needs

“To survive and succeed, you must do a better marketing job- - to and for the principal- - than the principal could do with direct sales people.”

Four essential business tenets for successful relationships with principals.

1. You must do a good selling job (Sales volume satisfactory, serve existing customers, develop new business on a regular basis)

2. You must communicate well (Does your principal know what their representative is doing? Are you calling, writing, emailing frequently with field reports?)

3. You must present an image of stability. (Good relationships with customers, personal and business reputation, key staff, stable sales force, financially stable, orderly management.)

4. You must work to maintain synergism in your lines (Are lines compatible, are there direct conflicts, are they complementary?)

Other factors to consider:

- Make your sales manager look good.

- Be candid
- Follow-through constantly
- Do your homework
- Never stop studying the product, the competition and the market.

A Wharton Business School study cited the following traits that ranked above average for manufacturers in evaluating sales people: **loyalty, responsibility, exercise of good judgment, positive attitude, ability to listen well and possessing energy, drive and enthusiasm.**

Nice to have

No customer or manufacturer has ever expressed interest in my hundreds of thousands of dollars worth of computers, office equipment, carpeting or office furniture. All of the good or bad comments I hear about my business have to do with the people on our team who work at our agency, their personalities and the professional service they provide.

The physical plant, the equipment, computers and furniture are “nice to have” but in the end it is the synergy and added value taking place between the people of our agency with our customers and the manufacturers we represent. Conclusion: It has always been and still is a people business.

Change happens. Be ready for CHANGE!

Peter Bang-Knudsen

Pbang-knudsen@bang-knudsen.com,

www.bang-knudsen.com,

Other recommended reading: *The Popcorn Report*, Faith Popcorn, Doubleday 1991, *Why We Buy The Science of Shopping*, Paco Underhill, Simon & Schuster 1999.

MARK YOUR CALENDARS FOR:

2nd Annual IHRA Membership Breakfast & Program

Sunday, March 21, 2004 • 7:00 - 9:00 AM

IHRA Hospitality Room S101B McCormick Place, South Lobby

Program will feature Raymond J. Hall, CEO of the

Electronics Representatives Association

“How Goeth the Multiple-Line, Field Sales Professional Function?”

and

Gerry Newman, IHRA’s Legal Counsel

“Recent Legal Activities and Results Involving Reps”

by John Provenza, Provenza and Associates, Des Plaines, Illinois

. . . It feels a little strange, doesn't it?

I thought I would take a moment to explore the effects of not having a Housewares show in January. While it is impossible to know exactly how this will impact our industry, here are some of the thoughts from the field.

WHAT'S NEW?

As we go to the Specialty Accounts as well as the majors, we are ill prepared to offer anything new or exciting. There is a lack of new pictures, a lack of new product, and we have seen no prototypes of anything shipping in the future. While we can write Christmas fill-ins, our meetings are much more productive and energetic after a show. Even though many of the products from a show don't ship for several months, it gives customers and sales representatives more enthusiasm. Even though we have pictures of some of the new products, we have not seen or felt the actual items, nor have the buyers. More importantly is seeing prototypes of new products. So many times at a show, we discuss changes in design, in color, or even materials that can improve the new products or make it exclusive to an account. This exchange of ideas to kick off the New Year will be sorely missed.

WHERE'S THE ENERGY?

Don't you feel the lack of enthusiasm here in January? The show provided a tremendous boost of energy and enthusiasm for the entire industry. Department Stores, Gourmet Shops, Companies and Sales Representa-

tives all return from the Show with a tremendous sense of purpose. After previewing new products and participating in productive meetings, everyone comes back from a show with a positive outlook and an energetic start to a new year. I believe that this lack of energy that kicked off the year will hurt the economy of our industry to a great degree.

WHY MARCH?

The end of March is too late. While you can argue that all of the major accounts will be seen before the show, there is no question that you cannot bring an entire booth to a meeting room. You cannot display the same sense of what your product and company stands for on the road. The show provides this environment that again, can spawn new products, new ideas, and variations on products. Starting in late March simply does not make sense. So much of every program and product requires changes and customization. Factories have longer lead times than ever-120 to 150 days is not uncommon and is more the rule. Many fall programs ship in July. The January time frame allowed for the discussion, changes, and customization, which is so prevalent in everything we do.

WHAT'S HAPPENING IN THE INDUSTRY?

Getting the entire industry together after the holidays helped prompt discussions as to what just happened in the fourth quarter- the hot trends, the slow trends, how can we maximize success, how can we limit the failures we had, what changes should

we make. E-mails, phone calls, or corporate visits cannot replace the amount of face-to-face communication created at a show.

WHO SAID IT'S NOT COLD & SNOWY IN MARCH?

I was told that the biggest reason for the change in the show is weather. I have lived in Chicago all my life. While the end of March offers a better percentage of good weather, it is also possible to have a foot of snow. My recent memories of January are that the weather has not been bad. Given the economic challenges we all face, the weather is a poor excuse to move the show.

As I talk to retailers, representatives, and company people, they seem to be in strong agreement that the March change is negative. In addition, that has damaged the 2 Show system, as we know it with the Gourmet Show in San Francisco. While this 2-show system was not perfect, I think it was a lot better that the chaotic scrambling that is taking place for the Gourmet Show to find a new home or not happen at all!

It is time for everyone who agrees to talk to the IHA. Perhaps the show should be in later January to allow more time to prepare and give people a holiday break. However, the late March date makes no sense.

The bottom line is that the late March time frame will cost the industry millions of dollars. We all must ride the wave of change, but only when the change makes sense.

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This is an IHRA service to keep members advised of lines available. The listing of a manufacturer should in no way be construed as an endorsement of that line by IHRA, it being the obligation of each member to make their own evaluation of the line.

2004 INDUSTRY CALENDAR OF EVENTS

February

ISM (International Sweets & Biscuits Fair)
February 01, 2004 - February 04, 2004
Cologne, Germany

San Francisco International Gift Fair
February 07, 2004 - February 11, 2004
San Francisco, CA

Ambiente
February 20, 2004 - February 24, 2004
Frankfurt, Germany

March

National Coffee Association Annual Convention
March 03, 2004 - March 07, 2004
Laguna Niguel, CA

Natural Products Expo West
March 04, 2004 - March 07, 2004
Anaheim, CA

Atlanta Spring Gift, Accessories & Holiday Market
March 13, 2004 - March 16, 2004
Atlanta, GA

Dallas International Gift & Home Accessories Market
March 13, 2004 - March 16, 2004
Dallas, TX

Coffee Fest Washington, D.C.
March 19, 2004 - March 21, 2004
Washington, DC

IHA Home & Housewares Show
March 20, 2004 - March 22, 2004
Chicago, IL

Globalshop
March 22, 2004 - March 24, 2004
Las Vegas, NV

EX-TRACTS
March 26, 2004 - March 29, 2004
New York, NY

New York Home Textiles Show
March 26, 2004 - March 29, 2004
New York, NY

Boston Gift Show
March 27, 2004 - March 30, 2004
Boston, MA

Los Angeles Gift & Home Accessories Market
March 28, 2004 - March 30, 2004
Los Angeles, CA

Take Me 2 Tea Expo
March 28, 2004 - March 30, 2004
Las Vegas, NV

SIAL China
March 30, 2004 - April 01, 2004
Shanghai, China

April

New York Spring Tabletop Market at 225
April 17, 2004 - April 22, 2004
New York, NY

New York Spring Tabletop Market at 41 Madison
April 17, 2004 - April 22, 2004
New York, NY

SCAA Conference & Exhibition
April 23, 2004 - April 26, 2004
Atlanta, GA

May

Spring NASFT Fancy Food Show & FMI Show
May 02, 2004 - May 04, 2004
Chicago, IL

Gourmet Products Show
May 09, 2004 - May 11, 2004
San Francisco, CA

SOURCES
May 15, 2004 - May 18, 2004
New York, NY

NRA Restaurant, Hotel-Motel Show
May 22, 2004 - May 25, 2004
Chicago, IL

June

Portland Gift & Accessories Show
June 05, 2004 - June 08, 2004
Portland, OR

IDDBA Dairy-Deli-Bake
June 06, 2004 - June 08, 2004
Washington, DC

All Candy Expo
June 08, 2004 - June 10, 2004
Chicago, IL

Coffee Fest Las Vegas
June 12, 2004 - June 14, 2004
Las Vegas, NV

Dallas International Gift & Home Accessories Market
June 23, 2004 - June 30, 2004
Dallas, TX

NASFT Summer Fancy Food Show
June 27, 2004 - June 29, 2004
New York, NY

July

Atlanta International Gift & Home Furnishings Market
July 06, 2004 - July 15, 2004
Atlanta, GA

The Gift Fair in Atlanta
July 09, 2004 - July 12, 2004
Atlanta, GA (800-242-7469)

California Gift Show
July 17, 2004 - July 20, 2004
Los Angeles, CA

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is published
monthly for

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REPRESENTATIVES ASSOCIATION**

175 N. Harbor Drive
Suite 1712
Chicago, IL 60601
(312) 240-0822
Fax: (312) 240-1005
eMail: info@ihra.org
Web: www.ihra.org

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REPRESENTATIVES ASSOCIATION

175 N. Harbor Drive • Suite 1712
Chicago, Illinois 60601
(800) 315-7430
Fax (312) 240-1005
info@ihra.org • www.ihra.org