

In the 26 years that *The Representative* has been published in its current magazine format, many reps and manufacturers have expressed their views in these pages on their respective partnerships with each other and what makes them successful. But ERA has never asked reps, manufacturers and distributors about the nature and idiosyncrasies of their *three-way* working relationships. Until now.

For this article, a small group of electronics industry reps, manufacturing and distribution executives were asked three questions, all designed to provide a profile of the strongest three-way partnerships. The questions were:

1) *What characteristics and best practices do you feel are necessary in a successful (i.e., profitable and well-coordinated) three-way partnership among a rep, manufacturer and distributor?*

2) *What does your company do — on both a daily and long-term basis — to form, nurture and enhance these partnerships?*

3) *What do you wish your rep, manufacturer and/or distributor partners better understood about your business and your company?*

Some of the responses were predictable, but many were not. It was no surprise that the terms “communication” and “trust” turned up in multiple replies. Other answers, however, were more nuanced and, in some cases, rather lengthy. With great thanks to all the contributors, here’s what they had to say.

Characteristics and best practices

The “what’s necessary” query brought some concise replies, but others were much more detailed.

Todd McAtee is the vice president of business development in the Americas for the distributor Mouser Electronics. He says, “We value our relationships. Communication is essential to have a clear understanding of the role each of us plays in the three-way business partnership.”

Dan McCauley is the director of sales and marketing for General Devices Company, Inc., a manufacturer of telescoping slides, cabinets, racks, enclosures, communication shelters and related accessories. He believes, “Communication with all is first and foremost. In this day of virtual offices, it is becoming more difficult to actually meet to do training, [make] buddy calls on existing customers and [to develop] new account opportunities.”

From the rep side, Matt Cohen CPMR, of CC Electro, comments, “Just like a good marriage, you must have trust. It also takes a coordinated effort to get the details of the relationship handled. Everybody can fold laundry at home, and everybody can take out the trash at work. For the three-way partnership to work, you can’t have preconceived notions of what your job is or is not. Everyone

needs to do what needs to be done — and communicate what you’re doing as well as what you did, good, bad or indifferent. It’s all important.

“When a decision needs to be made, we all work together to ensure we’re addressing the question at hand. So in this case, three sets of ears — each hearing different things from the customer — all need to be reviewed to be sure we’re efficiently handling what the customer wants and needs. It’s not easy, but when each party is treated as an equal and critical voice, it works.”

Dave Norris, owner of the rep firm Norris and Associates and ERA’s newly-elected senior vice president/fiscal and legal, echoes Cohen, stressing that “trust, mutual respect, open and honest communication, a recognition and associated value for what each contributes to the whole” are key to a

solid partnership. He adds, “If the partnership is to be effective and beneficial to all, each needs to see the others as a valued part of the overall success.”

Chris Beeson, the executive vice president of sales and supplier development for the distributor Digi-Key Corporation, also agrees with the emphasis on trust. He notes, “It is very important that there is a high level of trust. When all parties in a triadic relationship take the time to understand the business model of all involved, it makes it easier to determine the best means of collaborating to drive and win

new business.”

Among the key characteristics and best practices listed by Walter Tobin, corporate vice president of distributor Future Electronics, are: open and candid discussions; holding each other accountable; not letting friendships get in the way of pushing each other; and regular discussions on action item follow-up. (“Inspect what you expect,” he says.) Other items on Tobin’s list are: setting goals that challenge each other; pushing goals down to all three organizations so they are a joint effort, not just the job of one of the three parties; allowing no finger pointing so all win or lose together; and “follow up, follow up, follow up. What gets measured gets done.”

Scott McLendon, president of the distributor Allied Electronics, comments on the two levels of partnerships. He feels the most vital best practices are “working together, corporate to corporate, on strategic marketing campaigns, new product introductions, etc., while also having the local sales teams engaged to identify new business opportunities, such as new designs, competitive conversions and new projects.”

Lance A. Scott, president of EAO Corporation, a 65-year-old manufacturer of human machine interface (HMI) components and systems, elaborates
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“Just like a good marriage, you must have trust. It also takes coordinated effort to get the details of a relationship handled.”
— Matt Cohen, CPMR

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“Our many experiences ... demonstrate that when a rep, manufacturer and distributor are fulfilling their specific roles with a true partnership in mind, all parties, including the end customer, are more effective, productive and therefore profitable.”

— Sam Read

rates further on the critical characteristics and best practices, stating, “It is essential for both the manufacturer and representative to understand that a rep is fundamentally an extension of the manufacturer’s own sales force. While reps face the challenge of operating an independent company and managing multiple product lines, their practices in the field must reflect the respective manufacturer’s strategic vision, mission and customer philosophy. Likewise, manufacturers must ensure that representatives are well-trained, well-informed and treated as core members of their teams.”

Scott continues, “[In addition,] the manufacturer and rep must work closely together to align corporate goals and local customer needs with the most effective distribution channel partners. It’s imperative that manufacturers respect the unique capabilities that professional distributors offer and strive to define the right mixture of global, national, regional and specialty distributors that can best support individual customer requirements. Here again, the manufacturer bears the responsibility to provide training, marketing support and world class customer service to ensure the collective success of the relationship.”

Also from the manufacturer’s perspective come these comments from Sam Read, general sales manager of Cornell Dubilier Electronics, a major producer of capacitors. He notes, “As a component manufacturer, we ultimately need to sell and deliver our products to OEMs and generate a profit in the process. We could conceivably do that without the involvement of a rep or distributor. Our many experiences, however, demonstrate that when a rep, manufacturer and distributor are fulfilling their specific roles with a true partnership in mind, all parties, including the end customer, are more effective, productive and therefore profitable.”

“With any successful partnership, the key is constant consideration of each other’s needs. When working through daily issues or deci-

sions, it’s natural to want to protect the interests of your own company, but [it’s] even more effective ... to always think in terms of a win-win approach. I believe [when] a rep, manufacturer and distributor consistently think in these terms, [they] will solidify the three-way partnership.”

From Tom Vanderheyden, vice president of sales for the Americas of distributor TTI, comes this checklist of desirable qualities and best practices:

- a solid understanding of each other’s core competencies to drive complementary engagements;
- resource utilization, i.e., knowing when to draw upon the parties’ technical capabilities, subject matter expertise, etc.;
- distributor commitment to broad and deep inventory, independent of market conditions and external pressure, e.g., analysts;
- candor, transparency, integrity and communication — all critical to success; (Vanderheyden interjects, “TTI believes that relationships and trust still matter.”)
- building great business relationships that also turn into great personal relationships;
- understanding who’s going to do what by when drives ownership, action and time frame, which set proper expectations for all parties;
- bringing value through opportunities, not workload through expedites and issues (value add versus non-value add); and
- on a branch level, ensuring that the strongest link is between the rep and distributor who are local, visible, know the history and people involved, and will exist in a given territory long after any potential changes at or by the supplier. (Vanderheyden adds, “The supplier counts on this strong relationship to form two extensions of its sales force which have a natural check and balance.”)

Another list comes from a rep firm distribution manager who prefers anonymity. This feedback makes note of trust and open communication among all parties as well as long-standing relationships among the three parties. But then this rep goes into more specific best practices, including:

- a clear understanding of any registration programs and details on protection provided;
- a close working relationship between reps and distributors on target accounts and buddy calls with the outside sales teams;
- timely POS provided by distributors to manufacturers and by manufacturers to the reps;
- rep-provided training for distributors and active support on issues;
- manufacturer-provided support for timely quoting, delivery issues and problem solving; and
- manufacturer policy to pay reps the same for direct business and orders going through distribution so the distributor feels able to confide in and trust the rep and supplier.

A different challenge in successful three-way partnership is mentioned by second-generation rep Kingsland Coombs, CPMR, CSP, of Control Sales. He stresses the importance of all-party “communication about what customers and the marketplace



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want.” However, he describes, “About 15 years ago, we started to see our distributor partners bringing us opportunities for products that the companies we represented did not make. The customers were requesting, through the distributors, some evolutions or iterations of standard product that did not yet exist.”

As an example of how these instances have been handled, Coombs relates how one customer needed a certain type of rugged, sanitary laser that was not available. “To meet that need,” he says, “the rep, distributor and manufacturer all had to adapt.” The result was a new product series “that is used today in everything from welding to food production to manufacturing and even the medical industry.”

How to maintain strong partnerships

Just as the respondents for this article had much to say about the characteristics and best practices of strong three-way partnerships, they also had many and, in some cases, highly divergent descriptions of what their companies do to form, nurture and enhance those relationships. First up, here are the distributors’ responses.

About Digi-Key’s building and maintaining of relationships, Beeson comments, “We provide extensive customer support from design to production and back this up with inventory and information sharing with our key partners. We feel that our willingness to engage the supplier sales channel reduces redundancy at the customer while driving new designs and supply chain efficiencies.

“As a distributor, we have the special ability to see product designs at their early stages, and through design analytics, we can understand trends in customer behavior. This gives us a better understanding of the ongoing ecosystem of product life span which, through use of effective, open communication, will benefit all parties in the long term. The model is still unique to the industry, but we continue to witness cooperation from the rep and supplier community.”

Mouser’s McAtee says of his company, “We have dedicated teams of people working with our suppliers and their reps. These professionals are focused 100 percent on bringing value to the partnership. At the end of the day, it’s a people business. These individuals devote a large amount of time to building these relationships so that we can help one another achieve our common goals.”

Vanderheyden’s outline of TTT’s methods of relationship building starts with, “doing what we say we’re going to do,” focusing on productivity versus just activity, celebrating successes and offering a welcoming environment, both in the branches and at the corporate headquarters. He notes that his company also believes in collaboratively establishing and executing business plans, including setting objectives for every meeting and following up “to ensure we advance our business together.” And he stresses the importance of providing consistent and stable objectives, strategies and tactics.

For Tobin at Future Electronics, there are seven

steps the company follows to continually enhance its three-way partnerships:

- pushing for active buddy/discovery calls among all three parties;
- holding monthly/quarterly meetings to assess progress;
- fostering out-of-the-box thinking;
- focusing on new customer identification and development;
- hosting an ongoing, active rep council;
- sponsoring ongoing rep visits to the corporate headquarters; and
- facilitating strong branch-rep relationships via daily communication on quotes and joint customer strategies.

At Allied Electronics, McLendon says, “Building trusting relationships, doing what we say we’re going to do and delivering great customer experiences every chance we get” are foremost in strengthening their partnerships. He then explains that Allied customers are defined in three groups: external customers who exchange money for goods or services; internal customers who are the company’s employees; and business/partner customers who are the suppliers.

The manufacturer contributors to this article also cited a number of processes and activities that their companies follow in forming, nurturing and enhancing their relationships. Once again, communication is often mentioned.

At EAO, Scott emphasizes, “Communication is key. Our team is in constant dialogue with our reps and distributors, and we make certain that this communication reaches all levels of our respective organizations. We also establish goals and monitor the performance of our reps, much as we would our own employees, and we maintain an open, honest dialogue to address areas of improvement for both parties. Successes are celebrated and rewarded, and failures are treated as learning experiences for the team.”

Scott adds, “We also learn from our distribution partners regarding the latest technology trends and requirements to support a world-class customer service organization. Our top
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“We have dedicated teams of people working with our suppliers and their reps. These professionals are focused 100 percent on bringing value to the partnership.”

— Todd McAtee

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distributors are on the leading edge of engineering design, logistics, e-commerce, e-marketing and customer fulfillment, and we work closely with these valued partners to ensure that our products, sales tools and support are advancing at the necessary pace.”

McCauley reports that General Devices sends a monthly tracking e-newsletter, with separate territory bookings and POS reports, to each rep firm to allow follow-up and new application or account activity opportunities.

At Cornell Dubilier, Read notes, “We still believe in a traditional approach to communicating with our partners. Electronic communication has its place when it comes to time-sensitive issues or generating and transferring documentation. A true partnership, however, will be built on real-time conversations. We try to pick up the phone or, better yet, visit face-to-face with our partners as often as we can. We certainly recognize that you don't need to be lifelong friends with your business partners in order to succeed, but a willingness and ability to communicate on a personal level is extremely important to us.”

Among the rep responses to the question of building and strengthening partnerships, Coombs relates how his firm has “found it important to make distributors feel welcome in our office — especially to discuss new business opportunities. We provide an environment where they can come in to drop off a drawing or sketch of an application that a customer is dreaming about. We also provide distributors with their own private conference room at our facility, complete with Internet access.

“We have even gone so far as to have the engineering design personnel [of one of our principals] work out of our office — a move that included investing in a sophisticated engineering software design station. This put the design team right next to the customers. It was a significant move, but it has yielded immense returns.” Overall, Coombs sums up, “Control Sales has been successful in large part because we work hard to nurture these relationships.”

The trust aspect of relationships turned up in several reps' responses to this question, and so again did communication. John King of Bartleship Technologies cites good three-way communication and trust — meaning “no hidden agendas” — as foremost in his firm's relationships. He adds that keeping manufacturers up to date on customer activity and scheduling at least semi-annual visits to the territory are routine. The firm also conducts periodic visits and combined customer calls with distributors. However, King says, “We find it more and more difficult to get distributors to visit customers with us.”

Norris stresses, “All relationships need to be based on trust. Even when tough conversations need to be held or difficult decisions made, we do so in the context of that open and honest communication that helps build and sustain the trust.”

Cohen describes his firm's philosophy and practice this way: “We work as a team first and foremost. We work hard to develop communication tools that are efficient and cost-effective. The backbone of any field sales rep's success, or lack thereof, is directly tied to communication.” He believes that “the root cause of all problems is tied to miscommunication ... [so] he who communicates best, wins.”

In addition to what these named reps have mentioned, the rep who asked for anonymity cites several best practices: doing things outside the normal workday with both manufacturers and distributors, such as lunches, dinners, sporting event outings and the like; and encouraging “all our salespeople to be involved with all distributors so that our company and our people are known to as many of the [distributor] teams as possible. We want ourselves and our lines to remain in their minds.”

What partners wish others knew

For the final question about what each partner wishes the other knew or better understood, perhaps the most surprising answer comes from Future's Tobin. He says flatly, “Nothing. They all know the challenges that each other has.” He does expand a bit on his reply, adding that there is a need for return on investment at all companies, and all have margin and profit challenges. He also advocates “helping each other when one partner is struggling,” such as when a line has been lost.

“Most importantly,” says Digi-Key's Beeson, “we want to be known as the starting point for design, and we want to be understood as the best option for high mix/low volume orders as well

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— Kingsland Coombs,
CPMR, CSP

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as the easiest, fastest and friendliest electronic component distributor on the planet.”

TTI's Vanderheyden emphasizes. “We are absolutely committed to understanding our partners’ mission critical objectives, obstacles, etc., and then deploying the necessary resources, time and energy to deliver favorable results — in other words, doing what we say we will do.”

For McLendon at Allied, he hopes his partners understand his company's broad customer base, its focus on e-commerce and the commitment to “do business the customer's way, whether it's online or offline.”

Scott stresses that EAO's collaborative philosophy “doesn't change based on the complexity of the HMI solution, the challenges of the application or the market segments we serve. We welcome every opportunity to support our customers as an expert partner, and we coordinate closely with our reps and distributors to provide the best possible solutions.”

For General Devices' McCauley, he hopes his company's partners realize the importance of “the need for field intelligence regarding new business opportunities, markets, industries and competition. Field salespeople are our eyes and ears ... and help us learn more about territory and account activity.”

Cornell Dubilier's Read explains that his company focuses on built-to-order capacitors and has “structured our entire operation around the ordering, material flow and special manufacturing aspects of these parts. In other words, we're very good at it. Our distribution partners should not avoid these types of product requirements simply because they are not ‘stocked’ type parts. In fact, our most successful distributors recognize the value they can provide the customer by working with CDE to develop these solutions.”

“It is difficult to succeed alone. Without the performance from our principals that reciprocates what they expect from us, we fail, together.”
— Dave Norris

The reps' responses to the “what I wish” question ranged across a number of issues. Cohen hopes that “our partners understand that we are a very good and skilled filter of communication. If they would just share with us the raw data, we know the audience and how to present it in a favorable light. If you've committed to us as your field sales team, commit to us with all the information. And if need be, tell us what you feel is proprietary — not to be shared. It's

worth the five-minute conference call versus sending us in to the customer with half information.”

King wishes manufacturers in Asia or even on the U.S. west coast understood the size of his firm's Carolinas territory and the limited customer base for their products. He also wishes distributors would “use our product knowledge to help them sell more of our products.”

A reality-check type of reply comes from Coombs: “One important challenge to understand is that many of today's products are difficult to bring to market due to all the worldwide agency approvals needed ... There are financial and time costs associated with meeting all of these requirements. Thus, it's important that all three members of the partnership cooperate to make the product reliable, price-competitive and delivered on time. This cooperation is essential to keep customer relationships healthy and productive.”

The response from Norris is somewhat of a 10,000-foot view. “It is difficult to succeed alone,” he says. “Without the performance from our principals that reciprocates what they expect from us, we fail, together. There must be a give and take with our channel partners and a recognition of our roles and responsibilities. Too often, one party or the other feels like all they do is give and never get to take. In reality, we are all constantly trying to find a balance that works and ultimately best serves our customers.”

The anonymous rep wishes that “our manufacturers really knew how hard we work for them, how hard we try to close our customers and how much we really care about growing the business.” This rep also wishes principals knew how difficult it is for reps to take time out of the field to update their individual CRM systems instead of accepting a report from the rep's own system, how important it is to have a good website and internal support, and how vital it is to be able to track the rep's overseas business. Another point this distribution manager repeats is that reps should be paid the same on both direct orders and those that go through distribution.

When discussing distributors, this rep wishes they realized “how much we as reps value them. We want to work with them, and we do NOT want to take things direct! ... We appreciate so much what our channel partners do. It's so wonderful to have good relationships with them, and it's awesome when they recommend us for a new line that they know would be a good fit for us.”

This final note comes from Mouser's McAtee and is a fitting close: “We all have a very valuable role to play in the channel ecosystem. The more we understand each other's role, the better we can support each other and ultimately satisfy the customer.” Amen to that! ■

This article was written by Tess Hill, editor of The Representor.

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