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Electronics Representatives Association

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Manufacturers' Rep Compensation

Suggested Manufacturers' Guidelines to Drive Behavior and Enhance Mind Share

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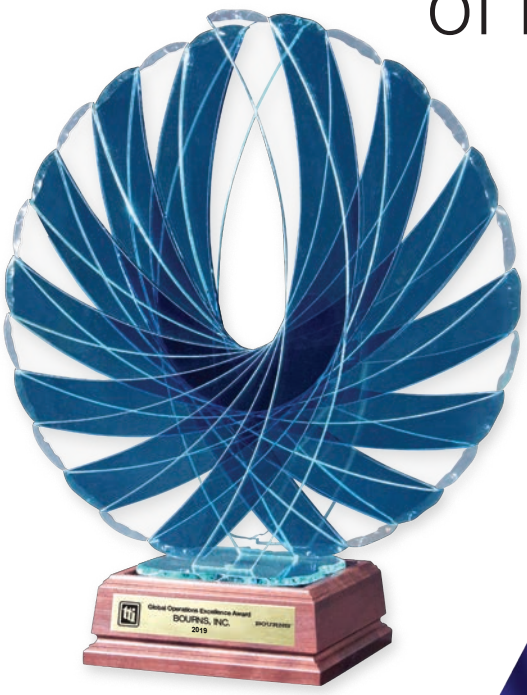

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SPRING 2020

Best Practices:

Manufacturers' Rep Compensation

Suggested Manufacturers' Guidelines to Drive Behavior and Enhance Mind Share

by Cesare Giammarco

Manufacturers who use the rep model, or are considering it, often ask: What is the most appropriate commission rate to pay manufacturers' reps; is there a standard percentage? The short answer is there is no "standard rate." It varies by company and industry. Commission rates should not be some arbitrary percentage. The scope of the manufacturers' rep's compensation goes beyond just a commission percentage. Although from an accounting perspective a commission may be calculated as an expense, it really should be looked at more as an investment. The best practice approaches noted in this article are reflective of that. They are meant to provide both manufacturers and reps a guideline to enable each to have a balanced return on the mutual investment they contribute to the sales growth of the products represented.

The foundation of the best rep compensation plan

Incentives drive behavior, and if properly guided, that behavior will generate the expected results. As a manufacturer your long-term business strategy should directly align with the basis of your rep compensation plan.

Do all the elements of the compensation plan reflect your market segment, distribution and global growth goals?

All compensation plans need to be easy to track for payment timing and accuracy.

If your business has a global scope, does the comp plan appropriately compensate for the design efforts?

Upside incentives designed to drive specific initiatives – are they realistic and easy to measure?

The scope of the manufacturers' rep's compensation goes beyond just a commission percentage. Although from an accounting perspective a commission may be calculated as an expense, it really should be looked at more as an investment.

Establishing a commission rate

As previously mentioned, the commission rate for a rep should not be an arbitrary percentage or some perceived industry standard. Commission rates should be reflective of the selling cycle. The question to ask is: How much time and resources will need to be invested in the sales effort before the manufacturer sees any revenue and the rep sees any commission?

If the product is considered a commodity, the commission rate would be reflective of that. If the business is one where the effort to develop and support a program is an extended one, this should be considered when a commission percentage is established.

If the product strategy is one of value-added or uniquely differentiated products, the sales cycle and rep resources required to support this focus should also be considered.

Determining commission splits

When deciding on appropriate commission splits between reps, the operative word is *influence*. Where are and who are the key decision-makers? Another territory may be involved if the product ultimately ships to a different location other than where the design and purchasing reside.

Manufacturers determine which location has the most influence and compensates that rep with a greater portion of the commission. Typically, the best practice for the percentage of commission to the design location is a range of 70-90 percent and purchasing 30-10 percent, again, dependent on where the key influencers are located. If the shipping location is not centralized at either the design or purchasing site and there is some level of support needed there, a portion of the commission is allocated accordingly. Three-way splits should be the exception as they can be difficult to manage and dilute the compensation to the rep(s) located where there is a significant influence.

Compensation for international business

Manufacturers who have a global customer base recognize it is important to compensate their reps to work with the design and procurement teams of those companies who are making the decisions domestically. The key elements to a compensation plan that rewards manufacturers' reps for continuing to pursue and develop global business would entail the following:

A robust process in place is to track and identify shipments designed in the U.S. but ship outside the U.S. in order to correctly assign commission. Some reps have shared that certain manufacturers continue to struggle to get this accomplished. It is understood that with standard part numbers on multiple programs, this might be a challenge; however, identification and tracking is critical to compensate the reps who do the design work with global accounts.

Once again, compensation should be tied to influence. A best practice is to assign a range

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from 80-100 percent of the commission to the U.S. rep who worked the design or negotiated the procurement contract. Many manufacturers have a direct salesforce or stocking distributors supporting the shipping location outside the U.S., so no commission will flow that way. Compensate the rep who worked the design and closed the deal in the U.S. and maintain the commission for the life of the program.

Make the domestic rep part of the account team that supports a global customer. The local rep has insight into the customer that could prove very valuable to the salesperson calling on the international location.

I have experienced situations where, internationally, with multiple contract manufacturers bidding a program, each tried to negotiate lower prices to gain an edge in securing the business. Having the rep on the account team armed the global salesperson with information on agreed-upon pricing, technical considerations and competitive insight, allowing for maintaining a strong value position.

Manufacturers who have great success in ensuring a U.S.-based global business is properly pursued, developed and tracked, align rep and regional sales managers (RSM) goals. In some cases, although global design influence is in a regional manager's assigned territory, that revenue is not in the RSM's plan. Aligning the goals between the rep and RSM to include the international revenue gives both parties a vested interest in the success and tracking of the program.

Legacy business compensation

A few manufacturers opt to pay a modified or reduced commission on legacy business over some defined period. Every manufacturer wants its reps to pursue new business, and the same objective is shared by the reps. However, it is also important not to underestimate the time and effort required to support ongoing business. Reps are actively engaged with their customers to monitor program evolution and timing and to protect the business against competitive threats. All these factors need to be considered when and if modifying the commission on legacy business is discussed.

If a manufacturer does institute this type of program, it is important to consider the timing of the program. In cases where the time from development to closure is lengthy and the revenue timing is such that more revenue will be in the later stages of the program, commission adjustments should be appropriate with the revenue stream. Don't penalize the rep for a slow startup.

These types of plans work better when focused on specific customers, products, programs or obsolescence initiatives, allowing the rep to better track and manage the associated commission.

Commission on distribution sales

When commissioning reps for distribution sales, the best practice is to consider broadline and high-service distributors equally. Both serve their customers differently but the value the rep provides with active engagement with each is equally important to drive demand creation. The type of work reps do with the broadline distributors is well documented and is always commissionable. The lead follow-up and qualification work that reps conduct with the high-service POS often become valuable volume customers for the manufacturer. It also leads the reps to design entities that are contracted by major OEMs on major programs. Commissioning reps for the high-service business has a significant payback.

The percentage commission a manufacturer pays their reps on distribution sales and direct sales should be guided by the manufacturer's strategy. Keeping the commission percentages equal is a common practice, but if the objective is to drive most of the business or a certain volume level of business to distribution, then the distribution commission should be higher than direct business. Reverse the strategy and the commission rate accommodate the change. The important point is to not have your commission rates create "competing" channels. Emphasizing distribution as a strategy and compensating the reps at a higher rate for OEM sales could send the wrong signal to your channel partners.

Some manufacturers pay their rep commission on distributor cost and not resale. Although, for the manufacturer it might be easier to manage and calculate commission based on distributor cost, paying on POS has significant benefits for the manufacturer and distributor.

Reps typically have a more detailed perspective on the manufacturer's products, market position and competition. This information is invaluable to the distributor sales team when pricing opportunities and enables the distributor to optimize its price position with the customer. Paying the rep's commission on the POS reinforces this pricing support behavior.

For a distributor, the manufacturers whose reps are paid on POS and assist in optimizing pricing, invariably get more mind share.

As a manufacturer, having the reps in a position to ensure distributor resale aligns with the real value of their products in the marketplace creates a good foundation for their distributor pricing decisions.

New product and special initiatives

When a manufacturers' strategy is to introduce and gain acceptance of a new product or technology, offering a special incentive to their reps can be important to its success.

In many cases, manufacturers have offered 2X the standard commission. Although this is an exciting opportunity for any rep, the best practice dictates that certain considerations should be considered as part of the program.

Often, NPIs, unless a true breakout technology, have lengthy product acceptance and qualification and then a slower startup. The compensation plan needs to incorporate this timing for the rep to achieve the expected higher commission. Alternatively, a commission could be paid on orders versus shipments or perhaps a partial payout on order and the balance on shipments. Engage your reps or rep council for input in developing these initiatives.

Manufacturers also introduce other special incentive programs tied to specific initiatives. Programs that are focused on new business opportunity creation and/or wins, or specific product or market wins are very common. Any and all of these can be very successful in driving growth. Manufacturers who had success with these initiatives suggest that the program is easy to monitor and track, so the reps know their progress. Make the payout timely and ensure the maximum commission or payout aligns with the revenue timing.

Have some fun with the program, make it a competition. Publish the standings regularly to all the participants and create a race to the finish line.

Best practice contractual commission support

The process of how and when the rep commission is paid and the ability to assure accurate and timely payments helps reinforce the strength of the relationship.

Commission payments should be monthly, a best practice is to utilize direct deposit.

Allow the reps six months-plus to identify and advise of commission errors. Manufacturers strive to ensure a commission is paid accurately and to the correct rep, but mistakes occur. Typically, manufacturers are not aware of the error until it is discovered by the rep. With commission payments often coming in 90 days, the rep should be given ample time to flag any errors.

When commission errors are confirmed, correct and make plans to readjust the payout quickly. Depending on the value of the mistake, negotiate a payout timing and deduction between the reps involved.

If a rep-developed account becomes a direct or house account, have an extended commission payout plan in deference to the time the account was supported by the rep.

Lastly, to provide the rep confidence in the long-term development of business on behalf of the manufacturer, consider that a termination payout clause is included in the contract with the rep organization. An example would be one month for each year of service, but other options can be negotiated between the manufacturer and the rep organization.

(continued on page 20)

Cesare Giammarco
Consultant

Cesare Giammarco has been in the field of sales and sales management since 1971, with 35 of those years in the electronic component industry. In those 35 years, he has instituted, managed and integrated manufacturers' reps globally into multiple organizations.
Starting in 1984 with Elmwood Sensors, a privately-owned global manufacturer of temperature sensing products, he led successful integration of the rep sales model through four acquisitions of this business, culminating with Honeywell Sensing and Controls in 2002. He retired from Honeywell in 2015 as North American sales director. Since then he has worked as an independent consultant for global manufacturers assisting in instituting and supporting manufacturers' reps as their primary sales channel. He is also a special consultant to ERA on best practices to further facilitate the rep sales model.
Giammarco can be reached at cesaregiammarco@gmail.com.

Kurt Devlin
Director of Channel Management, North America
Laird Performance Materials

With so many ERA members, it is not easy to get to know every rep, manufacturer and distributor in the business. "Someone You Should Know" is The Representor *department that gives readers the chance to learn about fellow ERA members, including how their time is spent both in and out of the office.*

Meet Kurt Devlin, Director of Channel Management, North America for Laird Performance Materials.

The Representor *asked Kurt a few questions about his time in the electronics manufacturing business and his experiences with ERA. Here is what he had to say.*

Tell us a little bit about yourself.

I was born in Canberra Australia and migrated to southern Florida in the late 60s with my parents, brother and sister. After growing up barefoot and suntan, my family moved to the "Republic of Texas" in the late 70s where I have lived ever since. I obtained my B.S. in general business with a minor in marketing from Sam Houston State University. My first job out of college was selling oil and gas tubing to the major service companies Schlumberger, Halliburton and Baker Hughes.

After I learned how to smile and dial, I moved to outside sales at MEMEC United-Unique Technologies, which was my first electronics industry job. I spent the next two years at Nu Horizons Electronics. The next phase of my career was moving to manufacturing where I spent 14 years at Vishay Intertechnologies as a regional sales manager and director of sales. After another four years with Ohmite Manufacturing as director of sales for North America, I moved on to Laird Performance Materials in 2019 as the director of channel management for North America.

What are some things you enjoy outside of the workplace?

I enjoy golfing and spending time with my family and friends. However, I am a genetically inclined Australian that was predestined to drink fine red wine. There is nothing like a great Australian Shiraz on a Friday afternoon in The Woodlands in Texas, sitting by a pool or pond, either one is good.

How long have you been in the manufacturing business?

Too many years ... 16 to be exact.

How did you become interested in the electronics industry?

I first got interested in electronics when I was 10 years old. I disassembled my brother's Sansui Hi-Fi home stereo and then I was hooked. I knew I wanted to be in the industry when I started to see what was happening during the dot-com boom and even after the bust.

What have you found to be most rewarding about the business?

The people in this industry are techies at heart and love the latest and greatest technologies that change our lives day-to-day, just like I do. Those same people have become friends, coworkers and true long-term collaborators.

Briefly describe your organization.

Laird Performance Materials is an engineering-driven company that solves our customers' EMI, thermal mismatch and mechanical constraints. We design, develop and deliver industry-leading solutions that protect electronics, enhancing performance and reliability for our customers.

What recent innovations, best practices and/or changes has your organization made?

Over the past two years, Laird has transitioned from a Tier 1 centric support company to a much more diversified manufacturer focused on a broader customer base. From a product perspective, Laird is always launching new technologies that solve many of the current issues created by smaller, faster and thermally challenging product designs.

What have you learned and/or what contacts have you made through ERA that have had the greatest positive impacts on you and/or your business?

I would be plagiarizing if I didn't give credit to my friend, Jeff Ray of TTI, who said: "It's a small industry, people never leave, they just change business cards." Team building and networking around ERA have helped us find many suppliers that enable much more efficient business processes today. I found many of the suppliers I use today through ERA, Budde Marketing to name just one.

Are you active on social media? Do you follow ERA? Have ERA updates via social media been helpful to you?

I have limited activity on social media, except for LinkedIn, where I follow ERA which has been very helpful during this COVID-19 pandemic that has engulfed the world. As we become a more digital-driven age, I will utilize many of the avenues that social media provides to market and sell Laird products.

What is one interesting fact that people may not know about you?

I come from a famous golf family.

Takin' It To The Streets

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Feb. 23-25, 2020

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Save the date for next year's ERA Conference: February 28 - March 2, 2021!

2020 ERA Conference Wrap-Up

ERA asked the 2020 Conference Committee Chair Mike Swenson to share his insights about this year's conference, including what were some of his experiences in his role as conference chair, and what are his key takeaways from the event? Here is what he had to say.

How would you rate the 2020 ERA Conference?

The 2020 ERA Conference gets high marks for being informative and vibrant. The content crafted by the Conference Committee hit the mark with applying topics to street level challenges and opportunities. A primary focus for many of us is winning business and how we can improve to drive higher success rates. This conference helped us interrelate with people we work with, provided technology tools to make deeper connections, and offered breakout sessions tailored to deliver the most current industry information and a deeper understanding of technology trends.

What were some of the key takeaways for you from the 2020 ERA Conference?

There are several key takeaways that I took from the conference. Connie Podesta's keynote presentation showed us that we need to understand what type of person we are working with (squiggle, square, triangle or circle) and adopt how to work with them based on who they are. Sam Richter gave us strong insights into ways to prospect and know our customers better to help foster deeper engagement. The ways he showed us to get information were enlightening. Michael Knight and Ali Sebt helped increase our knowledge of new technology developments. This will help us understand customer trends and the type of products/solutions we should represent in the future.

What sessions were the most beneficial to you and your business?

One of the primary goals of the conference committee was to give member tools and ideas about working with industry disruptions in a dynamic market. I attended several breakouts that addressed what are the key industry disruptors and gave insight on what we can do going forward. Steve Cholas did a great job outlining what some of the major trends are, and with the help of a strong panel, the session delivered a lively and very informative discussion. The panel and audience participants offered active feedback and ideas on how to work with these changes in the market. I especially liked the discussion around the changes that have occurred with our customers who work in a more digital environment, and how we can drive relevancy and reach these customers to provide value. The RDM Pulse Check session, which had manufacturers, distributors and manufacturers' representatives run separate sessions to voice each constituents' concerns, gave all members a forum to convey their issues. These issues were captured to review and provide direction on what we can do about them going forward.

What makes this conference the must-attend annual event in the industry?

By providing high-quality content, excellent speakers and delivering practical business information, this sold-out event has become the go-to conference for the industry.

As the 2020 Conference Chair, what did you learn about ERA and the conference during the planning process?

The Conference Committee structure consists of a core committee, sponsorships committee, breakout sessions committee, general sessions committee and keynote committee. As the Conference Chair, I was awestruck by the level of volunteerism to make this a successful conference. There were over 50 volunteers who served on these committees to produce this great event. Their dedication to ensure that the presentation topics were strong and relevant was uplifting. Having manufacturers, distributors and manufacturers' representatives volunteer together to come up with relevant presentation topics is a winning formula.

What would you say to those who have not attended the conference recently?

I think with the challenges, opportunities and disruptions that are happening at an accelerated pace in the industry, there is no better time to join ERA and advocate for the rep function to drive efficiency and best practices within rep organizations.

This conference has evolved since I first attended to become an event that draws more industry leaders and has become a must-go-to event with high-quality topics and speakers.

Mike Swenson, CPMR

Mike Swenson, CPMR, is President of Mel Foster Company and 2020 ERA Conference Committee Chair.

Swenson can be reached at mikes@melfoster.com.

2020 ERA Conference

'Takin' it to the Streets: Succeeding in a Dynamic Market'

Left: Conference Vice Chair, Craig Anderson, CPMR, Sumer Inc. Right: Conference Chair, Mike Swenson, CPMR, Mel Foster Co.

The 2020 ERA Conference, held Feb. 23 – 25, drew record-breaking attendance. More than 400 reps, manufacturers, distributors, suppliers and consultants gathered at the AT&T Executive Education and Conference Center in Austin, Texas. Attendees dedicated two full days to learning, collaborating and networking. The conference agenda included a welcome reception, an opening keynote, four general sessions, 16 breakout sessions and a Conference Celebration Party.

Save the date for the 2021 ERA Conference, Feb. 28 – March 2, returning to the AT&T Executive Education and Conference Center in Austin, Texas.

Top: Attendees at the 2020 Conference Welcome Reception.

Center: Speaker Sam Richter, Founder and CEO of SBR Worldwide/Know More, presents the breakout session, "Sales Intelligence Secrets to Find More Leads, Provide More Value and Make More Money," to a packed house.

Conference survey evaluation shows that 99% of 2020 Conference attendees would recommend the ERA Conference to a colleague!

Bottom left: Keynote speaker Connie Podesta and Mallerie Merchant of R. C. Merchant & Co.

Bottom right: Conference attendees: Jani Duffy, American Bright, Laura Senn-Sanborn, SennTec Sales Corp., Julie Carr, MacInnis Co., Gina Coleman, CFE-MacInnis Co.

Top (left to right): Kathie Cahill, CPMR, Net Sales Co.; Chuck Tanzola, CPMR, Fusion Sourcing, and ERA President; Dave Norris, Norris & Associates, and ERA Chairman of the Board; Karin Derkacz, ERA, recipient of the 2020 Tess Hill Award; and Bob Evans, CPMR, EK Micro.

Center: Walter Tobin, ERA CEO, accepting the inaugural Tobin Bridge Award, along with wife, Janice Tobin, daughter, Erin Kim, and Dave Norris, Norris & Associates, and ERA Chairman of the Board.

Bottom (left to right): Chuck Tanzola, CPMR, Fusion Sourcing, and ERA President; Greg Thompson, CPMR, SACS Inc., recipient of the 2019 Jess Spoonts White Pin Award; Dave Norris, Norris & Associates, and ERA Chairman of the Board; and Mark Motsinger, CMPR , Wallace Electronic Sales.

Left: Chuck Tanzola, CPMR, Fusion Sourcing, and ERA President; John O'Brien, CMPR, Coakley Boyd & Abbett, recipient of the 2019 Ray Hall Spirt of ERA Award; and Dave Norris, Norris & Associates, and ERA Chairman of the Board.

2020 ERA Conference feedback: More than 79% of conference attendees said the event delivered excellent value for their investment.

Left: Conference committee members and conference participants perform during the Monday night party.

Right: Kathie Cahill, CMPR, Net Sales Co., and Perry Thornton, Pinnacle Marketing, facilitate discussion among rep attendees during the "RDM Pulse Check" breakout session.

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Reps and distributors — our industry's 'canaries in the coal mine'

by Walter E. Tobin
ERA CEO
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I promise you that this article will NOT mention the dreaded "you know what" as, frankly, I am sick of seeing EVERY article written or every news story on TV to be about this scourge and what it means to all of us ... we all need a break ...

Instead, I will focus my attention on how we can best manage our way through these tough times and who best to help us get THROUGH THIS and get OUT on the other side: the manufacturers' reps and the distributors — our canaries in the coal mine!

How have they ALREADY played this role?

First: New opportunities and new designs are the lifeblood of our customers. The reps are now seeking out new ways to "meet" with the design engineers who are also working out of their home offices, using various video conferencing services to maintain the momentum of design-in activity. The work of our customers' design teams goes on. They seek out and NEED help in advocating the best-in-class total solutions for their particular projects. Thus, the level of design activity is an early indicator of our customer's health. The reps and distributors are both continuing to see an increase in the requests from the design teams at their customers for continued support in this area.

Second: Our customers have already begun to ramp up their demand for many different categories of products – perhaps due to a fear of constrained supply and/or increased demand for their products.

Many of our customers play a crucial role in medical-related products/services and need to ramp up to meet this new demand. The distributors are experts on supply chain logistics who manage extremely complex forecasting tools received from thousands of their customers and then aggregate them into their own forecasts to their many manufacturers. Thus, the new demand forecasts are coming in from a multitude of different customers across many different industries. No one is better at managing these demand signals than our distributors. Each one of them is watching these demand signals closely and positioning their orders on the manufacturers to support their customers and to maintain their own buffer inventory.

So, when you look at the overall supply chain, it all starts with the manufacturer, who designs and introduces new products to the market through their rep network and channel partners, and ends with the customer. Both the rep and the distributor work together to get these new devices designed into their common end-customer. The rep and the distributor working together on new designs and on supply chain management are a powerful team. The rep brings a long and deep knowledge of the territory and the customers. The distributor brings their knowledge of their customer base, many of whom are in the "long-tail" of customers, who need the same support as large customers. Thus, the combination of the rep and distributor is the best team to support both the manufacturers and the end-customers.

Over the past few years, several manufacturers have terminated their rep network and moved to a direct sales force, populated perhaps by direct sales members and managed by regional managers who are chartered with covering the "big accounts" and perhaps relying on their distributors to service the "long tail."

In times like these, they may be less able to cover their direct customers due to time and territory limitations. This direct sales force is a fixed expense on the manufacturer's P&L. As these uncertain times continue, this expense could become a major focus of the CEO as they deal with ways to reduce selling costs. Their reps were a variable cost of sales and not a part of any fixed sales cost.

Customers are now trying to do designs and supply chain management from home via FaceTime, Skype, Zoom, GoToMeeting, etc. They want to maximize the benefits of each new way of interacting while minimizing the number of these calls. The rep has many different manufacturers to update them on during a single video call — work on new designs, new products from several different manufacturers and perhaps propose a total solution versus a socket-by-socket process. Each interaction can cover several different manufacturers by a trusted rep who has known their customers for many years.

The rep model is based on a variable cost of sales. The rep gets paid by the manufacturer

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The CERA Memorial Golf Tournament plays tribute to our friends & colleagues that we may have lost in the past year. The tournament benefits the CERA Scholarship Fund as well as The American Cancer Society, American Heart Assoc. or American Diabetes Assoc. For details on the 2020 event scheduled Oct. 9, 2020, go to carolinasera.com or contact Annette Paden at apaden@sacs-rep.com.

Out of many, one

by Chuck Tanzola, CPMR
The Fusion Sourcing Group Inc.
ERA President
ctanzola@fusionsourcing.com

As I walked through the Syracuse airport for my flight to Austin for the recent ERA Conference, I noticed this familiar phrase emblazoned on the wall: *"E Pluribus Unum – Out of Many, One."* This is, of course, inscribed on The Great Seal of the United States of America, placed there as a result of an Act of Congress approved in 1782 in recognition of the emergence of a single nation from 13 original colonies. I took to the air thinking about this phrase, and in light of my time in Austin, I thought it was relevant as the subject of this quarter's column.

However, a not-so-funny thing happened along the way that I feel compelled to discuss first – namely the impact of the spread of the coronavirus. Less than 30 days ago, in my report to the ERA Board of Directors, in summarizing market conditions, I wrote, "... while optimism exists, I am concerned that it is a fragile optimism. As I write this, I'm afraid the impact of the recent outbreak of the novel coronavirus and associated worldwide health threat is yet to be fully realized."

Today, we are hearing daily news reports and seeing in our operations and activities a fuller measure of the impacts. Financial markets are declining, supply chains are being disrupted, industry events are either postponed or canceled outright. In short, disruptions abound. The news is largely negative, and all our lives are being affected. If I were updating the Board on this market environment, instead of a fragile optimism, I may well have described a widespread pessimism.

As I think about it though, a more appropriate description is "a temporary widespread pessimism" with an emphasis on the word temporary. How long will this situation last?

In the long run, this situation will be seen in the reflection of the rearview mirror; as opposed to the lights of a head-on collision. It is natural to focus on what is directly in front of us; but it is essential to not forget what is beyond.

Without minimizing any of the immediate impacts felt as a result of COVID-19, it is important to recognize that the intrinsic characteristic of our industry — at the forefront of exciting new and emerging technologies with long-term application, growth and potential — has not changed.

Given that, I return to the theme and observations I originally intended: *Out of many, one.*

Out of many, diverse companies, comprised of many, diverse people, comes one dynamic industry. Whether you are a representative, a manufacturer, a distributor or a service provider; whether you have been in the industry for many years, or just starting your career; whether your personality profile is that of a square, a triangle, a circle, or a squiggly line; whether your next car will be an EV or not – our associations (and our Association) are enhanced by your involvement.

Out of many dedicated hours of commitment came one outstanding ERA Conference.

Congratulations go to Conference Chair, Mike Swenson, CPMR, of Mel Foster Co. and the entire army of volunteers, along with the ERA staff for "Takin' It to the Streets!"

The two comments I heard most frequently in Austin were, "I've been coming to ERA Conferences for many years, this was the best one ever!" and "This was my first ERA Conference, I'm definitely coming back!" These are a testament to the value you delivered and the lasting impact you will have. (Not to mention the lasting impact of the theme song, that is still running through my head ...)

Finally, my theme statement was born out of the recognition of significant achievement. Out of many, one. As I close, I note that the converse is also true: Out of one, many. The creation and presentation of the Tobin Bridge Award is a fitting tribute to the accomplishment and impact that one person can have on many and I cannot think of a more deserving recipient than our CEO, Walter Tobin. Thanks again, Walter, for building bridges in our industry!

As always, I can be reached at ctanzola@fusionsourcing.com and welcome your comments and feedback. If you attended the ERA Conference, I would love to hear your thoughts.

Don't forget to mark down Feb. 28 – March 2, 2021 on your calendar for next year's conference.

These companies joined ERA since January 2020.

(The ERA chapter of each rep firm is listed in italics after the company name.)

REPRESENTATIVES

Design Forward
(Southwest)
John Erwin
dsgnforward.com

Heidi Duty LLC
(Pacific Northwest)
Heidi Christensen
heididuty.com

Mindshare Technical Sales
(Arizona)
Mike Hays
mindsharetechnical.com

VenCom Sales LLC
(Pacific Northwest)
Nick Jensen
vencomsales.com

Vitale ESM, LLC
(Empire State)
Adam Vitale
vitaleengineering.com

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rpms.com
Spyre Group ..... spyregroup.com/reps/index.htm
TSJM Group 603-560-1673
UPRIGHT ..... upright.nyc
UPS shipping ..... era.org
(Click the link on the Member Services page.)

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Executive Searches: Carla Mahrt 402-721-6590
Insurance: John Doyle 888-243-0174
Legal: Gerald Newman 312-648-2300
Rep & Mfr. Services: Bryan Shirley, CPMR 267-620-6000
Rep Network Mgmt.: Cesare Giammarco 401-595-7331
Sales/Business Strategy: Craig Conrad 817-917-8268
Sales/Marketing Strategy: Steve Cholas 949-413-1732
Sales Consulting/Coaching: John Simari 214-325-4117

Other ERA Services & Publications

(Call 312-419-1432 or go to era.org.)

- Locator Online Directory of Manufacturers' Reps
- Lines Available Service
- Guidelines for: Becoming a Successful Rep; Establishing and Benefiting from Rep Councils; Agreements between Sales Reps and Manufacturers; Agreements between Stocking Reps and Manufacturers; Agreements between Reps and Sub-Reps; Agreements between a Rep Firm and Its Sales-people; Evaluating a Prospective Principal; Evaluating a Prospective Rep; Developing New Markets with Professional Field Sales Reps
- Line Portfolio Evaluation
- Outsourced Field Sales: Adding Value for the Customer (CD)
- Outsourcing Field Sales (Fortune Magazine Reprint)
- The Value of Outsourced Field Sales (EBN Reprint)
- Selling Through Manufacturers' Representatives
- ERA Code of Ethics
- Recommended Technical Standards for Distribution Point-of-Sale Reporting
- FAQs Manufacturers Ask About Representatives
- Split Influence Recommendations for the Electronics Industry
- State Rep Commission Protection Acts
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- ERA Logos

ERA Meetings & Programs

- ERA Mid-Year Board Meeting - Oct. 29, 2020
- 2021 ERA Conference - Feb. 28 - March 1, 2021

The steps to success — fostering relationships and staying involved

To gain a better insight into how young professionals in the electronics industry have turned challenges into opportunities and ensured continued success, The Representor *interviewed Diana Nawrocki, President and Owner of ESA Technical Marketing.*

Nawrocki shared key challenges she encountered as she embarked on her career journey in the electronics industry and steps that she has taken to establish a successful career. Here is what she had to say.

Please provide a little background about yourself.

My father is the reason I started in this industry back in May 2001. When I first joined ESA Technical Marketing, my dad and his partners had me working insides sales so I could learn the business. Soon after, I was promoted to outside sales. I worked with the local OEMs and distributors. I was able to travel to factories overseas where I learned more about how our products were manufactured.

On a personal note, my family is very involved in the swimming community. I swam at Lake Forest College in Lake Forest, Ill. After college, I participated in various triathlons. In 2010, I conquered Ironman Wisconsin. I have completed a few 70.3 triathlons since then. Currently, I volunteer as a USA swim official at local swim meets. I have two daughters, ages 10 and 12, who are competitive swimmers as well. They swim for the Academy Bullets on the local and national platforms. I also am a 10-year survivor of stage 2 breast cancer, and melanoma. Those experiences helped me grow as an individual.

My husband, Adam and I have been married for 17 years. He was my college sweetheart. Adam is a sales manager for Vasco Healthcare covering GE Healthcare for the North Central region.

What made you choose this industry as your current career path?

Since I was a child, I watched my dad work in this industry. He really enjoyed what he did and he was successful at it too. I liked the idea that I could follow in his footsteps. I always hoped to be as successful and knowledgeable as he was in this industry. My dad spent 36 years at ESA Technical Marketing before retiring last year.

As a young professional, what are some of the main challenges you encountered as you embarked on your career journey?

Since we have more of a niche line card, we have to work harder and do thorough and effective prospecting to find new customers and generate new business.

> *The relationships I made at my local ERA chapter, CPMR, and Women in Electronics help me to continue to grow my knowledge within this industry.*

What are some steps that you have taken to overcome these challenges and to ensure that you can establish and nurture a successful career?

I am looking to invest in Repfabric or Empowering Systems for 2020. In January 2021, I plan to keep on track with CPMR for the 201 class. The relationships I have made at my local ERA chapter, CPMR, and Women in Electronics help me to continue to grow my knowledge within this industry.

As you developed in your career, what were some training tools that you found beneficial to your professional growth?

Early in my sales career, I took the Dale Carnegie Sales Course, more recently I find the teleforums from ERA and attending CPMR 101 to be helpful in sharpening my

(continued on next page)

Diana Nawrocki
President and Owner
ESA Technical Marketing

Note: *Since the original writing of the article, ESA merged with Control Sales and Nawrocki is now the Executive Vice President partnering with Kingsland Coombs President of Control Sales Inc.*

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sales skills. I enjoy going to conferences and learning new ways to grow my business. I continue to apply the tools that I have learned from ERA and CPMR 101.

What are some industry networking events that you have attended that would be beneficial to other young professionals in the industry?

I attended the ERA Conference and am the VP of Fiscal for the Board of Directors of the Chicagoland-Wisconsin Chapter. Being involved with ERA has helped me develop lifelong relationships with people I would also consider friends. As we all know, this is a small industry compared to others. Therefore, it is hard to find someone that understands the stress we all go through as reps. I recommend that people get involved with their local ERA chapter. I also attend my chapter of the Women in Electronics group which has been another way to grow and gain new relationships with local women in the industry.

Do you think that there is enough new talent entering the electronics industry and what could make this field more attractive to future young professionals?

I think there are a lot of new engineers in the field; however, not as many are going into positions in sales. We all need to seek out millennials and Gen Z professionals to enter our rep firms so that we can help narrow the age gap we are experiencing.

How do you see your profession and the industry evolve 10 to 20 years from now?

Good question, we all wonder how this will play out in the future. Communication with our customers is harder than ever, but by continually showing value, I am able to break through. Customer touch via social media will continue to grow, but even as the industry evolves, face-to-face relationships are paramount to keep a competitive edge.

Professionally, what keeps you up at night?

The fear of a line going direct. I am also concerned with keeping my staff motivated to grow my business to the next level. ■

COVER STORY: Rep commission

(continued from page 7)

Alternative compensation plans

If a rep is considering a "missionary line" with no existing territory business, an option for compensation could be a monthly stipend. Traditionally some predetermined amount would be considered adequate to compensate the rep for development work and opportunity creation. During our "Best Practice Rep Compensation" breakout sessions at the 2020 ERA Conference in Austin, Texas, this was a popular topic in both sessions.

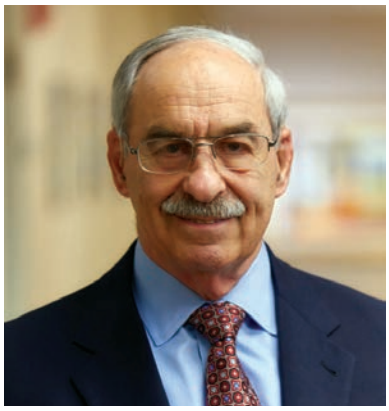
It was suggested that if a stipend was to be proposed, it should be a calculated amount that reflected the actual time and resources required by the rep to support this business. It was also proposed the dated reference to stipend should be referenced as "shared account development costs." Further ERA review of this topic will be to establish a framework for this calculation.

Missionary lines can be small companies with high-end technology. These companies often end up being acquired. A consideration along with a stipend is to provide the reps stock options as part of any termination agreement.

If a manufacturer is requesting a specific skill or expertise to be added to a rep firm, a consideration is shared compensation for that unique specialist.

In summary, the manufacturers with the best practice compensation plans have two characteristics in common. First, as stated earlier, they view commission not as a cost but as an investment. Second, they recognize that the return on that investment flows both ways — to the manufacturer in the form of sales growth and to the reps in the form of commission payments that align with their efforts and commitment of resources in support of the line. ■

Playing to a tough audience: Seizing a principal's assets without obtaining a judgment



by Gerald M. Newman
ERA General Counsel

Gerald M. Newman and Adam J. Glazer are partners in the law firm of Schoenberg Finkel Newman & Rosenberg LLC, and they serve as general counsel to ERA. They are also regular contributors to The Representor*, and participate in Expert Access, the program that offers telephone consultations to ERA members.*

You can call Gerry Newman or Adam Glazer at 312-648-2300 or send email to gerald.newman@sfnr.com or adam.glazer@sfnr.com.

Adam Glazer
ERA General Counsel

"Money is not the most important thing in the world. Love is.
Fortunately, I love money."
— Jackie Mason

For the prolific sales rep victimized by the withholding of commissions due, few moves will command greater attention from the principal than exercising the lawful self-help remedy of grabbing those unpaid commission dollars, then pursuing litigation.

"Lawfully?" you ask. "Commissions are unpaid or underpaid every day," you blurt out. "That's the life of a rep. Since when does that mean we can seize first and ask questions later?"

You are going to prove tough to convince.

Consider the sales rep firm Forefront Machining Technologies Inc. out of Dayton, Ohio. Forefront entered into an oral contract with Sarix, SA, a Swiss manufacturer of 3D micro EDM machines and its New York-based distributor, Alouette Tool Company Ltd. (collectively, "Alouette"), for a 10 percent commission on sales it generated. Forefront alleges it delivered Silfex Inc. as a customer for Alouette and was responsible for the sales of 23 machines to Silfex.

In response to such success, Alouette failed to fully commission Forefront. Sound familiar? And you know what happened next, right?

Termination.

Fortunately for Forefront, the termination notice received from Alouette acknowledged both the parties' agreement and that Forefront would get paid at least some commissions on certain additional machine sales to Silfex.

Inexplicably, it took Forefront over two and a half years to take action, but eventually its counsel sent a demand letter to Alouette seeking to get caught up on commissions owed. When Alouette failed to meet the demand, Forefront filed a six-count complaint in the Ohio state court, including for treble (3x) damages under the Ohio sales rep statute.

This is a relatively ordinary tale so far, and perhaps not worth writing about, especially to such a skeptical audience. It's what happened next that proves noteworthy.

Together with the complaint, Forefront filed a motion for "pre-judgment attachment" of Alouette's assets, a motion that was granted the very same day. Alouette received no notice that this motion was filed, and no opportunity to appear at the hearing where the Ohio judge ordered the levying officials to "attach" or seize certain of its assets, namely four machines sold to Silfex, and deliver them to the court to be held in escrow.

Let that sink in for a minute. With no opportunity to defend itself against charges just filed by its former sales rep, four Alouette machines were seized under court order from one of its customers.

All of a sudden you sound like a lawyer saying, "that sounds a lot like an unconstitutional deprivation of property without due process." It's a valid concern you raise, and well put.

In what must have felt like adding insult to injury, the court further ordered that Alouette could only recover its machines by posting a bond equal to their value. This was to protect the rights of the plaintiff, Forefront, whose not yet contested papers showed probable cause to support its motion. The attachment order did not specify a particular dollar amount claimed by Forefront; it simply identified the property of Alouette subject to seizure.

Two days later, a notice of these proceedings was provided to Alouette for the first time, together with a copy of the attachment order already entered and a notice that it had the right to request a hearing on the matter. This is the process intended to protect a defendant's due process rights.

Shortly thereafter, Alouette took advantage, filing a motion for such a hearing, in which it sought to modify or discharge the attachment order. It then exercised its right to move the case to the Dayton federal court.

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A federal forum meant a different judge would take over the proceedings, and that judge would now hear Alouette's motion attacking the attachment order. Among the requirements for a pre-judgment attachment of a defendant's property in Ohio is the filing of an affidavit showing: 1) the defendant is a foreign corporation and/or not a resident of Ohio; 2) the nature and amount of the claim; 3) a description of the property sought to be attached, including its approximate value; and 4) a showing of probable cause to support the attachment.

The Ohio pre-judgment attachment statute defines the "probable cause" requirement to mean that "it is likely" a plaintiff seeking attachment "will obtain judgment against the defendant … that entitles the plaintiff to a money judgment that can be satisfied out of the property that is the subject of the motion." In other words, the judge must ascertain from the outset that a plaintiff seeking to recover money will most probably prevail and that the proposed attachment will make the plaintiff whole.

Alouette's motion broadly disputed virtually all of Forefront's allegations, including the existence of a deal to pay 10 percent commissions, and that Forefront was likely to prevail. However, after holding an evidentiary hearing and applying the Ohio standards, the federal court, citing the termination notice, agreed this past February that Forefront had satisfied the statutory burden to obtain an order of attachment, including the probable cause requirement.

Then the case grew more interesting.

For attachment purposes, the court found Forefront had met its burden with respect to the value of the machines, tooling, and subcontracting work contracted for pre-termination in the total amount of $271,000. But the Court also ruled that Forefront had not shown it was entitled to a judgment of equal value to the four machines it sought to attach.

Based simply on the initial affidavit submitted and the early evidentiary hearing it had conducted — before the parties engaged in the full discovery process — the court decided that Forefront had not yet demonstrated that its claims, which included four commissions on several machines sold post-termination and not yet shown to be due, were worth the value of the attached machines of over $2.4 million.

In addition, the treble damages claimed by Forefront under the Ohio sales rep act, which requires meeting the high bar of showing that Alouette engaged in "willful, wanton, or reckless conduct" or "bad faith," was likewise not yet met.

As a result, Alouette's motion to discharge was granted in part and denied in part. The federal judge modified the state court's attachment order to authorize Forefront to attach only $271,000 of Alouette's property.

You're not sure what to make of this split-decision? You demand to know, "Where does that leave the underpaid rep?" It's an astute question you pose.

The fact that Forefront successfully grabbed $271,000 of Alouette's property before it obtained any judgment is remarkable. Two different judges recognizing that a sales rep was likely to prove its claim for breach of the contractual duty to pay commissions without a trial and agreeing to deprive its principal of property in such an amount, is a highly unusual occurrence.

Nothing grabs the attention of a business, virtually any business, faster than seizing its currency, and nothing makes that business treat a claimant with greater seriousness. In this instance, of course, icing Alouette's $271,000 was just the start. While the federal court's order limited the attachment to "only" this amount, it recognized the potential for other evidence to be introduced at trial that could increase this amount.

"Additionally, this Order does not place a ceiling or floor on the amount of a judgment that Forefront may be awarded," the Court concluded, and "it does not prevent Forefront from seeking to collect any judgment for amounts more than the amount in this Order, and it does not limit the ways in which Forefront may seek to collect a judgment."

You're nodding in agreement at last. You seem comfortable with the notion that Forefront can lock up the low-hanging pre-termination commission dollars at the start of the case, and then work to prove up the more difficult post-termination claims and the potential treble damages.

Through your healthy skepticism, you scratch your chin and wryly ask, "Didn't the rep's chances of reaching a settlement just increase by at least 271,000 times?"

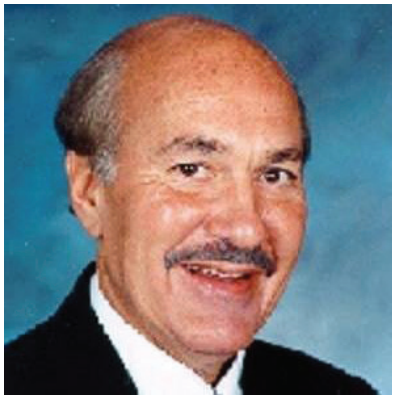
The extraordinary remedy of attaching a defendant's assets pre-judgment is available in many, but not all, states, and each state's statute varies. Illinois, for example, requires a plaintiff to post a bond in twice the amount of the property to be attached, while Ohio requires no bond if the assets are located out-of-state.

Through the many different statutes, one consistent theme emerges: to take advantage of this remarkable remedy, they must each be carefully navigated. You seem to be in full agreement, for once, and you've telegraphed your next question, but you ask it anyhow: "Hmmm, does my state have one of those?" ■

Exceptional reps never stop working

I've made a discovery! Exceptional reps never stop working! At the very least, that applies to our latest two Where Are They Now? ERA icons as well as many of the others who have already been profiled. Tim Eyerman and David Rossi personify sharp energetic businessmen who would have excelled in any walk of life, but fortunately, they chose our exciting world of electronics. Read on and discover why these men are so special. Clearly, they are no longer in it for the money, but more for the passion and challenges of our business.

— Harry J. Abramson



by Harry J. Abramson
Founder (Retired)
Electronic Salesmasters Inc.

Harry Abramson founded Electronic Salesmasters Inc. in 1972. He established industry notoriety by virtue of his firm's peak performance, hundreds of articles and speaking appearances at ERA's national conferences and chapter meetings and sister trade association MANA. He has an electrical engineering degree from Temple University and entered the electronics industry as an engineer at RCA in Camden, N.J.

His ERA involvement includes serving as vice president of the Components Group and president of the Ohio Chapter. Under his leadership, the chapter was awarded the National Chapter of the Year Award. Abramson recently was recognized with ERA's prestigious Life Membership Award.

You can reach Harry J. Abramson at 216-406-4119 or email him at hja725@yahoo.com.

Where is Tim Eyerman now?

Kathie Myers and Tim Eyerman

I started my journey in the electronics industry at Western Electric Columbus Works, which was co-located with the Bell Telephone Laboratories, working as a process engineer for Ron Smith, a legend in Bell Telephone lore. My job was to assure manufacturing readiness so that everything followed Bell System standards. My seven-year tenure was interrupted by my service in the United States Army Signal Corps. I was stationed in Georgia, Washington, D.C., and Korea, designing, installing and maintaining secure communication equipment.

In 1966, my wife Bette Jean and I moved to Rockville, Md., where she continued her career with the U.S. government. I went to work for CEI (Communication Electronics Incorporated). CEI, later to become Watkins-Johnson, who manufactured very sensitive radios used primarily for intelligence gathering during the Cold War. I wore many hats during my 14-year tenure and became well acquainted with several government agencies.

In September 1975, I lost my wife to cancer. In October 1978, I married Kathie Myers and we merged our family of three children. In January 1980, along with Curt Collart, we started CEtech Electronics Corporation, a very specialized rep company focused on Custom RF/Microwave Products. Our target market was U.S. government agencies and their sub-contractors.

CEtech Electronics Corporation joined ERA in 1983. We recognized that as a small independent company, we had little ability to influence issues that were detrimental to our business. As a member of ERA, the collective clout was much more effective. Shortly after joining ERA, one of the largest manufacturers in our territory, Westinghouse Defense, decided that they would try to eliminate the reps' commissions on all of their purchases. If this large aerospace company were to succeed in replicating the Walmart model of cutting out reps, the rep industry would be in serious jeopardy. Reacting to this crisis and on behalf of ERA, I met the Westinghouse director of material. We discussed what he was advocating plus the legal, practical and moral issues he would have to deal with if he went through with it. I also invited him to our upcoming National Management Conference in Bermuda. As a result, he reversed his position and even elevated the importance of using reps at Westinghouse. I was honored to receive the ERA Key Award for addressing this situation.

Not long after mitigating the situation with Westinghouse, I was asked by ERA's XCOM to serve on a task force that would address a perceived lack of professionalism in the electronics representative sales field. ERA partnered with The Wharton School, specifically Dr. Erin Anderson, to conduct a nationwide survey across the industry. I worked closely with Dr. Anderson on this project resulting in ERA's "Commitment to Excellence Program" introduced at the 1988 ERA Management Conference in Washington, D.C.

In 1984, with the increased use of PCs in sensitive situations, the National Security Agency (NSA) issued a classified attenuation specification for all PCs used in that environment. Many companies were trying to comply. Since none of my principals offered a compliant filter solution, I started Emicon Corporation. In the beginning, I used one of my principals in El Paso, Texas, as my subcontractor assembly source until 1993 when I set up a stand-alone assembly facility there. Engineering, sales and administration were conducted in my Maryland office. Essentially, I had two full-time jobs as a rep and a manufacturer.

In 1989, I began my 10-year tenure on ERA's

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XCOM culminating with my being president and two terms as chairman of the board. During this period, the Rep Certification Program started while I was serving on the MRERF Board of Directors. I was part of the first three-year cycle that was completed in 1993. We were the first ERA reps to be awarded CPMR certifications. ERA also reached out to other associations in the electronics industry to find common ground. This informal association of associations met frequently in Washington, D.C., and even briefed the executive branch on the state of the electronics industry on multiple occasions. ERA's involvement with the Small Business Legislative Council (SBLC) lobby gave us the ability to bring important issues to our members, such as the Association Health Plans (AHP), and the lawmakers on Capitol Hill. Because I lived in the DC area, I was able to participate in all of these activities. ERA became more international with our participation in electronica, forming chapters in the U.K. and Mexico. We also participated in electronica Asia. I was surprised and greatly honored during the 2000 ERA Management Conference in Baltimore to be inducted into ERA's Hall of Fame.

In 2002, Kathie and I moved to El Paso, Texas. Since moving to El Paso, CEtech Electronics Corporation has become a management consulting firm concentrating on helping niche European companies in the RF/Microwave business. Emicon Corporation remains strong and I am still the CEO.

I published my autobiography, "My Unexpected Life," in 2018. I hope to go to press later this year on my latest book, "Not the America I Grew Up In." Beginning five years ago, you will find Kathie and me on the north shore of Lake Chapala in Jalisco, Mexico, during the summer. I have been blessed by God to have such a long and interesting life and to have made so many friends all over the world. ERA has been a big part of that!

"Dave is a proud supporter of all-things related to Syracuse University Athletics. He is passionate about his family, his business, his friendships and his golf game! He is a man of his word and a true gentleman. I am blessed to have met him and played a few rounds of golf with him. His competitive nature and great sense of humor make spending time with him a pure joy."

— Walter Tobin, ERA CEO

Where is David Rossi now?

It's hard to believe that 37 years ago, I started Empire Technical Associates. It may be harder to believe that I was never a rep before my wife, Sue, and I made that decision. Possibly, ignorance is bliss, but after so many corporate moves, we were ready to settle down and return to where my wife, a school teacher, and I grew up.

I graduated from Clarkson University with an engineering degree and we went off to St. Louis to work for McDonnell Aircraft.

In those early years, the U.S. was in a space race with the Soviet Union to get to the moon. I was in a one-year management training program with six other engineers and non-technical graduates. I ended up working with thick film and printed circuits that went to the Mercury and Gemini space programs. While at McDonnell, I was fortunate enough to have the company pay for my MBA, an incredible benefit. Our first child was born and my wife would no longer teach on a full-time basis.

Not long after I received my MBA from Saint Louis University, a Chicago printed circuit company saw a publication a colleague and I had published entitled, "Etch Back ... Is It The Answer?" Several months later after being contacted, I accepted a position as Basic Electronics general manager. I was off and finally running a business.

I'll never forget my first day on the job when the owner, a self-made titan/ex-marine, came into my office and asked me if we had enough money for payroll on Friday. When I said that I didn't know, he said that maybe I should find out before I did anything else! That was my first experience with managing a payroll. I learned quickly that cash was KING! My time there was like an MBA on steroids! The company owner was a great teacher and became a wonderful mentor!

David and Sue Rossi

From running a moderate size company to then accepting a job with Mtorola was another move that gave me the experience to run a more complex company. After several years, I was asked to start a new division in Puerto Rico, but it was a two-year assignment. They paid for private schools for our three children. After my tour, I was recruited to run a ceramic capacitor company, owned by Phillips Corporation located in upstate New York, which just happened to be where our families were from. When Phillips bought Centralab, I had to close the New York operation and move to Texas. I was a general manager for Centralab's division which included assembly in Juarez, sales and marketing in El Paso with R&D and production in Los Angeles. This was the first time I interacted with representatives. Now and then, I would travel with reps to key accounts absorbing what the rep function was all about because I had to approve monthly commissions. I was intrigued by reps who would pick me up at the airport, complete business, drive me back to the airport, I'd jump on a plane and they would drive home!

Fate entered in when one of our rep companies, in late December 1982, informed us they were going out of business because their salespeople were not being paid. At that point, my wife and I decided if we were able to talk to the employees and their principals and Philips would agree, maybe we could finally "go home" and run our own business. After interviewing the employees, we decided to hire two of the outside people, two of the inside people and I was the third salesperson. We were able to convince the existing principals it would be easier to keep the same experienced staff they were familiar with than to close everything down. With that fortunate situation, Empire Technical Associates was launched in April 1983. Along the way, we purchased an IC centric rep company, a microwave rep firm, and started our fourth company in New England, which was sold 13 years later to the original staff I had hired.

A key decision we made early on was to join ERA. This enabled me to interact with other owners and discuss ways to help each other grow without jeopardizing confidential information. Along the way, I became active in ERA and EDS and moved through various committees and eventually was elected president, ERA Board chairman and EDS president. I was fortunate to have many people who helped me make the transition from engineer to a business owner. My supportive wife of 57 years was a wonderful partner and best friend! I would be remiss if I didn't also give a big THANK YOU to several people who helped me on this incredible journey ... Ray Hall, Tom Shanahan, Tess Hill, Karin Derkacz, John Denslinger, Bob Walsh and our excellent staff at Empire Technical Associates! ■

COMPONENTS

Bob Evans, CPMR
EK Micro
Rolling Meadows, Ill.

A downward trend

First things, first. Some notes of special recognition that I would like to share.

Congratulations to John O'Brien of Coakley, Boyd and Abbett, on receiving the Ray Hall Spirit of ERA Award. John's dedication to, and tireless work on behalf of the ERA is the stuff of legends. Also gracing the stage at the conference was our own Karin Derkacz, a deserving winner of the Tess Hill Award, recognizing her amazing service for the last 50 years. To top it all off, we honored our leader, Walter Tobin, with the newly created Tobin Bridge Award; given in recognition of Walt's innumerable contributions to the wellbeing of ERA.

Kudos also to the hard-working volunteers serving on the Conference Committee who helped put together the 2020 ERA Conference. Thanks to them and the incomparable ERA staff, we all enjoyed the best conference ever.

At the conference, around water coolers across the country, and I suspect in every one of our homes and communities, a hot topic is the coronavirus. While there is much uncertainty as to how it will spread, where it will spread, how long the outbreak will last and all manner of topics surrounding it, one thing is for sure — the effects will be felt for a very long time. Many of those effects are already being felt most acutely in our industry.

By the time you are reading this, I am willing to bet the world's health authorities will have their arms around the healthcare aspects of this pandemic. But it does not seem like we will be out of the woods on the ripple effects caused by long-term factory shutdowns in China, the interruption in Chinese customs inspections and general lack of movement of people and material. Factory workers were able to very slowly get back to work, only to find that they were facing draconian rules imposed by the central government and then the double-whammy of having little or no material with which to build.

Hidden by the virus uproar though is the fact that things were trending downward a bit heading into the Lunar New Year break. Independent of the outbreak, there were signs of some softening as evidenced by some economic indicators. An International Data Corporation (IDC) article published in February 2020 stated that "According to IDC's Quarterly Mobile Phone Tracker, 366.7 million smartphones were shipped in China in 2019… a 7.5 percent decline from a year ago, resulting from market saturation as well as a challenging economy." The authors went on to say, "In 4Q19, 86.2 million units shipped, down 15.6 percent year-on-year due to both Huawei's large inventories as well as consumers waiting for cheaper 5G smartphones. This was the market's 11th consecutive quarterly decline and its third consecutive annual decline." That is three years of declining sales in the largest phone market in the world.

There is a similar trend in the automotive industry. CNBC reported in November 2019 that "Global passenger car sales fell to 80.6 million in 2018, [down] from 81.8 million new units sold in 2017, which was the first annual decline since 2009. Worldwide sales in 2019 look likely to fall by another 4 percent to around 77.5 million new vehicle sales." The good news is that more and more electronics are showing up in these cars every year, so this drop may be mitigated. But it still shows a decline in overall units.

MATERIALS, ASSEMBLY, PRODUCTION & SUPPLY

Troy Gunnin
Sun Rep Inc.
Tampa, Fla.

Clear communication is essential

Have you ever watched a TV commercial and when it was over, asked yourself: "What are they selling?" I'm reminded of a line from an old movie, "I think what we have here is a failure to communicate." Every day, I see examples of "failure to communicate" in our daily business activities.

One of my pet peeves is sending a detailed email and then having the recipient email back and ask a question that is answered in the email.

Well, I'm not exactly exempt from doing the same thing. Just a couple of days ago, I received an email, read the subject line and promptly emailed back a question. Then I read the email only to realize that the answer was right there in the email. We are all in just too much of a rush to COMMUNICATE.

I have written about communication in this column before, but it is such an important and critical thing that the realization that I was doing exactly what I have been griping about, I felt compelled to again get on my soapbox.

Anytime I think about this subject, I'm reminded of a conference several years ago when I was asked to address "communication." As I was collecting my thoughts and putting together the presentation, my son walked by and, since tomorrow was garbage day, I said "don't forget the

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For a complete list of ERA's ***Recognized Resources,*** *check out the Member Services page at* ***era.org.*** *Then link to a service provider's home page for more information. Or take advantage of services from companies like* ***Avis and Hertz Car Rentals*** *(which are accessible ONLY via the ERA website).*

ERA WATER COOLER is a free weekly teleconference providing an open forum discussion for members and non-members. For details, visit **era.org/era-events/era-water-cooler-teleconference-series/**.

LECTRIX is a results-driven marketing company that serves electronics manufacturers, suppliers and representatives. The company specializes in brand awareness, content creation, online event creation and lead generation. Visit **lectrixgroup.com** for details.

BUDDE MARKETING SYSTEMS is a leading provider of point-of-sale (POS) reporting. With 15+ years of experience, BMS provides solutions to drive business growth, improve efficiency and maximize profitability. BMSoffers a vast selection of standard reports or can customize reports to achieve your business goals. For details, call 708-301-2111, or email **sales@buddemarketing.com**.

JJM SEARCH is the global executive search firm founded by Carla Mahrt, a 20-year electronics industry veteran. JJM is part of the MRI Network – leaders in the search and recruitment industry for over 40 years. Let Carla connect your company with bright, qualified candidates for your openings. For details on JJM, go to **jjmsearch.com**.

UPRIGHT supports businesses through web design, development, branding, content strategy, and corporate innovation. With diverse backgrounds in the startup tech community, we provide resources for companies to expand their growth through technology. Upright is familiar with the manufacturers' rep model and its interaction with manufacturers and distribution partners. For more information, go to **upright.nyc.**

SCHOENBERG, FINKEL, NEWMAN & ROSENBERG LLC offers legal Expert Access services to all ERA members. An initial consultation on any commission recovery or other rep-related business matter is available without charge. Visit **salesreplawyers.com**. Or call Gerry Newman or Adam Glazer at 312-648-2300.

ERA UNIVERSITY provides members, employees and families with hundreds of online college, business, technology and special interest courses through 1,500 educational institutions. The instructor-led classes offer live interaction and access to lessons 24-7. Most classes run six weeks and include 12 two-hour lessons for $79. For details, go to **ed2go.com/era**.

ERA TALKS is a new podcast series featuring informative interviews with industry leaders in a quick conversational format. For details, visit **era.org/era-media-center/era-talks-podcast/**.

TSJM GROUP offers successful client and candidate placements within sales, engineering, quality and executive leadership, both in North America and internationally. Call 603-560-1673 or email **slcolantuone@tsjmgroup.com** for more information.

EMPOWERING SYSTEMS offers ERA members discounts on its CRM tools for both reps and manufacturers. Online demos are available for both the AccountManager and AccountReporter programs. For details, visit **empoweringsystems.com**.

The SALESWISE ACADEMY is specifically designed for engineers and other technical salespeople. Nicki Weiss offers bi-weekly, 10-minute audio lessons with follow-up calls to help participants feel more confident in working with customers. For a free trial, go to **saleswiseacademy.com/era**.

SPYRE GROUP offers resources that help sales rep firms provide value to the manufacturers they represent and increase efficiencies for their sales teams. It provides web, print and presentation development services, along with packaged solutions. For details, contact Patrick Knoelke at 913-499-6014, or visit **spyregroup.com/reps**.

RPMS offers sales analysis, commission reconciliation and sales force data exchange software designed exclusively for manufacturers' reps. For more information, go to **rpms.com**.

REPFABRIC is a mobile efficiency tool that speeds up the entire workflow of business including email, opportunity tracking, commission reconciliation and principal reporting. Contact Repfabric at **info@repfabric.com**, or call 844-737-7253, x225, to schedule a consultation.

ALL ERA TELEFORUM AUDIO FILES covering 30+ educational topics for reps, manufacturers and distributors, are now available at no charge to members. To review the teleforum library and download files, go to **era.org**.

UPS is an ERA member service provider for shipping of all kinds. For discounts of up to 34 percent, call 800-MEMBERS (636-2377).

REPS SUPPORTING THE SUPPLY CHAIN FOR INFRASTRUCTURE PARTS AND SERVICES SERVE AN 'ESSENTIAL' ROLE

ERA released a general counsel update by ERA experts Gerald M. Newman and Adam J. Glazer which stated that sales reps supporting the supply chain for critical infrastructure parts and services serve an "essential" role consistent with CISA guidance. The CISA guidelines are advisory only and are intended to assist state and local authorities in developing their own policies on "essential" workplace services. Many state and local authorities and agencies have issued or are in the process of issuing their own guidelines or advice, and ERA members should remain cognizant of all applicable regulations or standards addressed to their eligibility to serve as "essential" workers.

ERA INTRODUCES NEW WATER COOLER TELECONFERENCE SERIES

Join ERA every Tuesday at 4:00 p.m. EDT for its free weekly ERA Water Cooler Teleconference. This new series provides an open forum to both ERA members and non-members. Participants can join in on the conversation and contribute to different topics by sharing challenges that all of us face today. For login information or to listen to past Water Cooler sessions, visit **era.org/era-events/era-water-cooler-teleconference-series/**.

TUNE IN TO ERA'S NEW PODCAST — ERA TALKS

ERA launched its new monthly podcast series, ERA Talks. The series features informative and educational interviews with industry leaders in a quick conversational format. Tune in to listen to the first episode, "ERA: Adapting in a Changing World," featuring David Norris, president and owner of Norris and Associates and chairman of the ERA Board of Directors, and Chuck Tanzola, CPMR, VP of Fusion Sourcing Group and ERA president. For more details, visit **era.org/era-media-center/era-talks-podcast/**.

SEMI URGES 'ESSENTIAL BUSINESS' DESIGNATION OF SEMICONDUCTOR COMPANIES

SEMI urged government representatives around the U.S. and world to designate the semiconductor industry as an "essential business" so operations at companies across the chip supply chain can continue without interruption as the spread of COVID-19 continues. Semiconductors are the foundation of modern electronics and information technology and are critical in helping health workers effectively treat COVID-19 symptoms, according to Ajit Manocha, SEMI President and CEO.

CORONAVIRUS RELIEF PROGRAMS FOR SMALL BUSINESSES

ERA is committed to sharing important information with its members during these challenging times. The following resources offer assistance to small businesses affected by the coronavirus:

The U.S. Chamber of Commerce released its Coronavirus Loan Guide to help small businesses, independent contractors and gig economy workers prepare to file for a coronavirus relief loan under the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The guide outlines the steps small businesses should take now and prepare to access much-needed funds to help keep their workers on the payroll during this disruptive period. Further guides will be developed as the CARES Act becomes implemented.

For more information, visit **www.uschamber.com/coronavirus**.

The Small Business Administration (SBA) launched the Economic Injury Disaster Loan Assistance (EIDL) program for small business owners in all U.S. The SBA EIDL program provides small businesses with working capital loans of up to $2 million that can provide vital economic support to small businesses to help overcome the temporary loss of revenue they are experiencing. In addition to this loan, SBA is offering an immediate $10,000 advance (the Emergency Economic Injury Grant) within three days of applying for an EIDL.

For more information, visit **covid19relief.sba.gov/#/**.

IN MEMORIAM OF BERNARD C. NEWMAN

It is with great sadness that ERA must report the passing on Jan. 31, 2020, of Bernard C. Newman, Jr., former chairman of the ERA National Board and long-serving member of the ERA Insurance Trust Board. He was 92.

He established his rep firm, the Newman Sales Company, in 1960 and several years later was a co-founder of ERA's Keystone Mountain Chapter (in the Pittsburgh area). After serving as the chapter's national delegate for several terms, he was elected to the ERA National Executive Committee, eventually becoming the association chairman. He was inducted as a White Pin member in 1975 and was elected to ERA's prestigious Hall of Fame in 1990.

He is survived by his wife Nancy, their three daughters - Gretchen Burdett (David) of Boynton Beach Fla.; Jill Giorgetti (Bobby) of Half Moon Bay, Cal.; and Ellen Newman (Justin Hill) of Irvine, Cal.- plus five grandchildren and seven great-grandchildren.

The most productive and high-performance industry professionals belong to **Florida-Sunshine ERA**

know **YOUR** markets and **YOUR** customers!

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The Florida-Sunshine ERA Chapter promotes and advances the growth and professionalism of our members through education, networking, peer discussion groups and service to our customers and community.

For details on Florida-Sunshine ERA, go to erasunshine.org

Chapter News reports the local activities of the 22 chapters of ERA. The chapters sponsor educational and training workshops, local trade shows, legislative and industry projects to enhance the professionalism of individual members and to advance the goals and mission of the national association.

CAROLINAS

Carolinas ERA canceled its March 16 DTAM event and instead sent chapter members the DTAM report and information on the 2020 scholarship recipients via email and held a virtual meeting on March 23.

The chapter congratulates Greg Thompson, CPMR, of South Atlantic Component Sales who was chosen as the recipient of the 2019 Jess Spoonts White Pin Award.

CHICAGOLAND - WISCONSIN

Chicagoland-Wisconsin ERA is planning its summer baseball event for Aug. 13 at Miller Park for a Brewers game. The chapter hopes to plan more member events and activities after social distancing and travel restrictions have been lifted.

EMPIRE STATE

Empire State ERA is getting ready to unveil its new website — www.empireera.org. Once completed, the website will allow members to access information on upcoming chapter events, registrations, member listings and more.

Earlier this year, the chapter unexpectedly lost a dear friend, colleague and board member, Julie Baker. A recent COLT graduate and long-time Secretary/Treasurer, Julie served with humor, grace and professionalism that was felt far beyond her role in Empire ERA. Empire ERA would like to thank the entire ERA community for their heartfelt support and particularly ERA National staff who have supported the chapter to move forward.

To honor Julie's memory, the chapter is rededicating its annual Golf Charity Event in her name. Please look out for this event and cause as a meaningful way to remember Julie. Golf Chair Rob O'Rourke and VP Membership Laura Senn-Sanborn will be releasing information on charitable donation opportunities on the Empire ERA website.

FLORIDA-SUNSHINE

Chapter members who attended the 2020 ERA Conference (left to right) Randall Conley, Greg Warren, Seth Brock, Kim Brookshire, Tom Cullinan, Ted Pacelli and Bill Cabral. Also in attendance but not pictured were Andy Barnett and Keith Bonnucchi.

Florida-Sunshine ERA recently held Board elections. Congratulations to Pat Bamberg, Chairman, Greg Warren, President, Lisa Dietrich, Vice President Legal and Fiscal, Seth Brock, Vice President Membership & Education, and Shane Recicar, Secretary.

This year, the chapter has announced that it will award a $1,500 scholarship for education to an active member of ERA. This scholarship will be used to send the recipient to the ERA Annual Conference in Austin, Texas, in February 2021.

NORTHERN CALIFORNIA

Northern California Chapter of ERA hosted an Annual Member Lunch event.

On March 4, the Northern California ERA Chapter hosted an Annual Member Lunch which featured an online web conference with guest speaker Walter Tobin, CEO of ERA. Chapter members, including reps and several distributor partners were in attendance.

Tobin spoke of the many features and benefits of joining ERA National and the value the ERA website, era.org, brings to all members. Additionally, Tobin spoke of the new White Pin Internship program.

SOUTHERN CALIFORNIA

The chapter has started planning for its Annual Charity Golf Tournament scheduled for November 2020. The chapter will again be raising funds for Operation Homefront.

Congratulations, ERA Chapters of the Year!

At its annual conference, held Feb. 23-25, 2020, in Austin, Texas, the Electronics Representatives Association (ERA) announced the chapters that have been selected as Chapters of the Year award recipients for their 2019 activities. The awards are based on four categories: Education, Membership & Member Services, Marketing Services, and Special Projects.

The award recipients were:

- **Education:** Chicagoland-Wisconsin ERA Chapter for their event Sales Person and Rep Firm of the Future.
- **Membership and Member Services:** Southwest ERA Chapter for hosting lunch training in three major cities: Dallas, Austin and Houston.
- **Marketing Services:** Empire State ERA Chapter for its annual DTAM analysis.
- **Special Projects:** Florida-Sunshine Chapter for coordinating its First Annual Sunshine Chapter ERA Golf Tournament, an industry event for charity.

EXECUTIVE COMMENTARY: Canaries in the coal mine

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when the product gets shipped to a customer, usually from a distributor. There is no fixed cost of sales. However, as many of the manufacturers are shut down, it is incumbent that the manufacturer does all it can to continue to review the different POS reports from the distributors in a timely manner to process commissions as best they can during these unique times. Several manufacturers are working with their rep network to process ~50 percent of the past six months' average monthly commission over the next 90 days to compensate their reps for their continued design-in work. They can do a complete reconciliation of the commissions owed when normal times resume.

The rep model has an opportunity to "step up" here with their customers, to not miss a beat in working on new designs, to continue to partner with the distributor on supply chain risk mitigation, to keep things moving along and keep their customers ahead of the competition, and to provide this real and tangible benefit to our industry.

In addition, the customer may now see the real benefit of a real person servicing their needs. The internet is a huge source of information for sure, but it cannot be intuitive in suggesting the BEST solution for YOUR need without the history of your company or product portfolio — the rep can!

This is certainly a huge tipping point for the rep model. It is times like these that offer an opportunity for folks to demonstrate the value they bring to the table. A good rep, aligned with a strong distributor, can go a long way to allow our mutual customers to not miss a beat.

Over the past few weeks, our canaries have seen NO LETUP in design activity, just a need to conduct it differently. They have seen an INCREASE in demand for many products to support not only the medical market but other related segments to hedge any shortage of products.

Stay close to your reps and distributors! They are both a true and real barometer of what the market is going through now and where it is going.

Keep your skates sharp and help direct the puck to where YOU want it to go.

And listen to our canaries! ■

MARKETING GROUPS: Troy Gunnin

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garbage." About an hour later, he walked by again and I asked, "did you take out the garbage." To which he replied, "you said forget the garbage." Selective listening or missed communication? That made me think about both segments of communication. The presenter must communicate clearly, whether verbal or written and the recipient must be careful to understand what is being said and not just "listen to reply." If that happens, the point of communication will be missed completely.

In today's environment we are so accustomed to "instant gratification" that many times, in our haste to respond, we fail to grasp what is being said or written. Before the phone call or sales call, we need to have a clear picture of what we want to say. Before we hit the send button, read the email and be sure it clearly states what you want to say (and be sure spell check didn't change what you intended to say). Before you respond in haste, verbally or in print, be sure you understand what is being said, if not, then ask those questions. That extra moment can prevent serious misunderstanding and perhaps multiple conversations or emails to clarify.

Clear, concise communication is essential in conducting our everyday business and personal communication. And, it is incumbent on both the presenter and the recipient to participate in the communication. Just keep in mind, communication is a two-way street. ■

So, you want to be a rep? Seven great tips to being a successful rep

You're tired of working for someone else. You're following rules that you don't believe in, and doing things someone else's way. You have customers who love you and would probably follow you wherever you go or whatever you do.

And yes, you want to sell more than what your company has to offer; you no longer want to be restrained by the limited capabilities of one company. You want to sell a complete portfolio of product solutions and, of course, you love the idea of being on your own.

Then there is the money. Oh, the money. The deal you have now is not bad. You have a solid base and a decent incentive package, but you're never going to get rich on that. You hear that the reps you work with and compete against are raking it in. As far as they're concerned, the sky is the limit for what a rep can make in a year if you get out there and hustle. A rep gets paid very well for his efforts, and that's what you want to do. However, you must take a few things into consideration before you take that giant leap to independence.

Here are seven things you need to consider when planning your new rep company:

1. Money. You should have some money in the bank. Some reps say you need a year's worth of income before you can even think of starting your own firm, others say two years' worth.

There is one thing you can do. You can approach your current employer and offer to convert your deal with him from a direct employee to a rep situation if they are willing to convert your accounts to rep accounts. This is a logical move and most of the time a win/win. The company doesn't lose you but they do lose your overhead, your expenses and benefits package. Most of the time they will agree. However, make sure that they understand they will no longer own you. You will have other non-competing lines going forward. That change could be bumpy at first, but it can also be the one way you can launch your business comfortably.

2. Principals. The next step is to decide who you are going to represent. If you have made a deal with your current employer, then that is one principal you have lined up, but what about other lines? If you are in the board business, you must consider lines that are non-competing but synergistic with your approach to sales. I recommend the following PCB lines for anyone going in the rep business selling printed circuit boards: first a domestic quick-turn prototype, and a military house, a solid flex and rigid-flex provider, a domestic 2-8-layer house that is very competitive, and a reliable offshore house. I would also consider having a small contract manufacturer as well.

3. Evaluate. Be sure all your principals are well-run, well-financed and customer-focused. This is critical. You want to spend your time selling, not apologizing.

4. Partnership. Make sure that you feel a sense of partnership with your new principals. You want to make sure that they respect their reps and know how to work with them. It would be a good idea to check in with some of their other rep firms to see how they have been treated.

5. Contract. The contract is very important. Study it carefully and make certain that you can live with the terms. Don't be afraid to push back if there is something you want to change. This is the time, not after the contract is agreed to and signed. Things to look at include terms of termination. They should be at least 90 days, and this means you will be paid for every single order booked right up to the 90th termination day. Also, check out the payment clause. When are you getting paid? If it is after the principal receives his money, then make sure it is as soon as possible after he receives his money from the customer. In fact, try to get payment on shipment if possible. That's the best deal you can make.

6. Associates. Who is going to be part of your firm? Are you going at it alone for a while, or are you getting together with a couple of associates? True, there is power in numbers, but there is also expense in having one or two other people and their families to feed, especially during the start-up phase. Choosing a partner is like choosing a spouse; proceed very carefully.

7. Marketing. Develop a marketing plan. Yes, a marketing plan. You already know how to sell, but you must know how to market your firm. How do you plan to get your name out there so people will know who you are? Most reps don't have a marketing plan. It's a big mistake.

Develop a reporting plan for your principals. The biggest problem between reps and their principals is the lack of consistent communication. If you develop a bimonthly written report of your activities for each of your principals, they will love you for it. It is good for them and it is good for you as well. I would recommend you also set up a weekly call with each of your principals. I promise that they'll love you for that.

Lastly, you must forecast not only for your principals' sake but for yours as well. How can you possibly consider successfully running a business without a forecast? Think about it.

Follow these seven or I guess eight bits of advice and you too will be a very successful rep.

by Dan Beaulieu

Dan Beaulieu, strategist, marketing guru, tactician, sales coach, trusted advisor, writer and networking expert, has been in the business of sales consulting for over 20 years. During that time, he has worked with over 200 companies helping them increase their market presence, branding, developing good working relationships with their reps.

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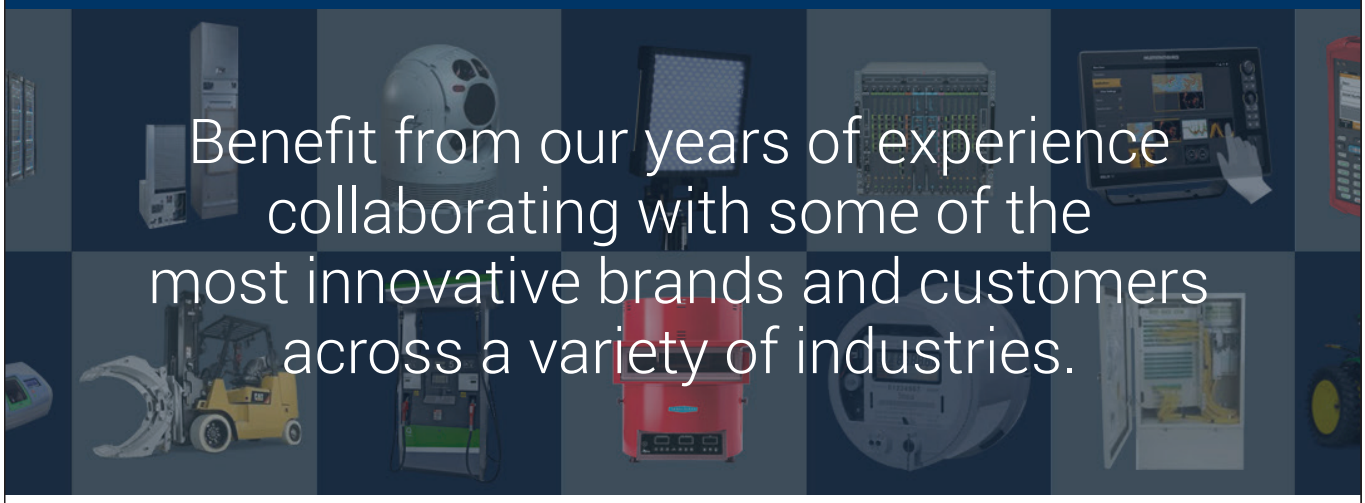

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