



NATIONAL ELECTRICAL MANUFACTURERS
REPRESENTATIVES ASSOCIATION

GUIDELINES
for Planning the Business Year

Setting, maintaining and monitoring objectives and expectations between independent representatives and manufacturers.

Overview

The business relationship between independent manufacturers' representatives and their manufacturer-principals is based on a partnership. By definition, this partnership is set up and becomes productive through joint planning, action-assignments, and implementation. But most important in creating a productive rep-manufacturer partnership is a clear understanding of each other's expectations and performance within the business-planning process. Without an understanding of what is expected, who is responsible for what, and what actions will be taken, the partnership will not prosper. Indeed, when joint expectations are met or exceeded, the partnership thrives and prospers. When expectations are not met, the relationship flounders, resulting in discontent.

While on-going communication between the independent representative and the manufacturer is essential, the communication of expectations should be the focus of discussion at the beginning of the business-planning cycle. NEMRA recommends that an open and honest discussion take place at the beginning of each planning cycle – whether this cycle is on an annual basis or some other mutually agreed on period of time. The specific details of this discussion should include the following:

- A clear definition of and mutual agreement on each party's expectations.
- A clear definition of and mutual agreement on the actions related to these expectations – actions linked to each expectation for each party.
- A clear definition of the anticipated outcome if the mutually agreed upon expectations are achieved, e.g., a bonus if the sales quota is achieved, X% increase in commission for pioneering new products, etc.

This document is merely a *Guideline* for planning the business year or cycle. As such, each situation and relationship between independent representatives and manufacturers is different. Any such relationship might require additional areas of specific discussion or the deletion of some topics listed here. In either case, the critical discussion points should center on the definition of joint expectations and actions, and mutual agreement on those expectations and actions.

Once this list is established, it should be reviewed at the beginning of the business cycle. Because local market conditions and agency or manufacturer situations change, expectations and related actions will need to change as well. This review is a necessary component of keeping the partnership directed, focused, healthy and profitable for both the representative and the manufacturer.

Suggestions for Using the Guidelines

The following outline of discussion topics is a guideline to establishing mutually agreed upon expectations and objectives prior to the commencement of the business cycle. These topics and their specific content become the basis for ongoing communication between the representative and the manufacturer. For example, the following list of topics could be the basis of a planning meeting between a regional sales manager and agency principal and others in the agency.

Once discussed, a written summary of bullet points around each expectation and criterion would form the key communication link to objectives for the new business cycle. In addition, this summary provides background and context for discussions during future business planning sessions.

Meeting Topics

1. Goals and Objectives

A clear, concise summation of the goals and objectives for the upcoming year.

Suggested topics:

- ☐ Increase or decrease for the agency's expectations as compared to the prior year.
- ☐ Increase or decrease for manufacturer's expectations as compared to the prior year.
- ☐ Review of the quota spread.
- ☐ Key product line emphasis and points.
- ☐ Review of possible key account targets.
- ☐ What are the local trends and history for the last 2 to 3 years?
- ☐ Other _____
- ☐ Other _____

2. Planning: Strategic and Personnel

What changes at the agency and factory need to be discussed?

Suggested topics:

- ☐ Strategic plans and direction: both at the agency and manufacturer.
- ☐ Ownership/succession plan.
- ☐ Personnel changes and assignments.
- ☐ Key contacts at the agency and manufacturer.
- ☐ Policy changes.
- ☐ Future markets.
- ☐ Other _____
- ☐ Other _____

3. Distribution

After discussing mutual goals in regard to distribution, consider discussing the following areas:

Suggested topics:

- ☐ Planned additions – who, when, and what product(s).
- ☐ Planned deletions – who, rationale, and when.
- ☐ Critical strategic distribution moves/changes: chain, buying group, target market, niche, and specialty markets, etc.
- ☐ Channel focus.
- ☐ Other _____
- ☐ Other _____

4. Compensation

To prevent any misunderstandings, a key element in the planning discussion is a concise and comprehensive review of the entire compensation program and contract.

Suggested topics:

- ☐ Commission program by product.
- ☐ Review any or add incentive/bonus plans.
- ☐ Additional compensation for value-added service (warehouse allowance, specification work, co-op programs, end-user calls, engineering work, etc.).
- ☐ Discuss whether the compensation program and contract is structured to accomplish both party's expectations and the marketing goals and objectives, e.g., contract length, severance agreement.
- ☐ Other _____
- ☐ Other _____

5. Promotion

A brief promotional plan, including both parties' expectations, should be reviewed.

Suggested topics:

- ☐ Available and planned promotions (both local and national).
- ☐ Collateral available or needed (brochures, catalogs, sell sheets, etc.).
- ☐ Advertising schedule, if applicable.
- ☐ Review for local applicability and effectiveness.
- ☐ Trade show schedules, promotion and collateral required.
- ☐ Promotional target audiences (distributor, end-user, specifier, etc.).
- ☐ Electronic media and/or e-commerce where applicable.
- ☐ Other _____
- ☐ Other _____

6. New Products Introductions and Pioneering

It is important to establish the timing, schedule, expectations and rationale for new product introductions and pioneering.

Suggested topics:

- ☐ Planned introductions, schedules and expectations/responsibilities and additional compensation, if applicable.
- ☐ Training schedules and locations.
- ☐ Sales goals and competitive analysis.
- ☐ New product rationale and applications.
- ☐ Field input on new product potential and results.
- ☐ Follow-up feedback and monitoring.
- ☐ Other _____
- ☐ Other _____

7. Training

It is important to identify the key objectives in the coming year specific to the representative's involvement with training for distributors and end-users. In addition, identify the objectives and plans for training the manufacturer and the representative, if applicable.

Suggested topics:

- ☐ Required training skills for the representative by product and application.
- ☐ Rep training sessions for distribution.
- ☐ Rep training sessions for end-users, specifiers, engineers, etc.
- ☐ Timing/frequency and scheduling for all of the above.
- ☐ Other _____
- ☐ Other _____

8. Reporting

Discuss any objectives and expectations specific to reporting. These should be thoroughly understood and agreed upon.

Suggested topics:

- ☐ Objectives and expectations.
- ☐ Specific to the previous seven discussion topics and points listed above.
- ☐ Format and frequency by type. For example, competitive analysis: use form provided by the manufacturer, twice a year.
- ☐ Other _____
- ☐ Other _____

9. Factory Visits and Joint Field Calls

Discuss any objectives and expectations specific to visits to the factory as well as joint field calls by the manufacturer. These should be thoroughly understood and agreed upon.

Suggested topics:

- ☐ Factory visits: who? (rep, distributor and end-user); why? (objectives and expectations); when? (planning, timing and schedule); and how will costs be handled?
- ☐ Field visits and joint calls: to see whom? (distributor and end-user); why? (objectives and expectations); when? (planning, timing and schedule); and how will costs be handled?
- ☐ Other _____
- ☐ Other _____

10. Annual Written Business Plan: Priorities, Specific Objectives, Actions, Responsibilities, and Timeline

The final step in the planning process is to summarize the discussion results in a written business plan. This will provide a progress report for direction, benchmarking and monitoring. The objective of the annual business plan is to have a concise written document that summarizes expectations and removes doubt and assumption from the planning process.

Suggested topics:

- ☐ List: priorities, specific objectives, actions, responsibilities, and timelines by manufacturer and by representative.
- ☐ List those program components that are unclear at this point but will be reviewed and when.
- ☐ List the process for updating the business plan if necessary.
- ☐ Representative and manufacturer should review and “sign-off” on the plan.
- ☐ Other _____
- ☐ Other _____