



GUIDELINES

FOR PLANNING THE BUSINESS YEAR

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Manufacturers' Agents Association for the Foodservice Industry (MAFSI)

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Overview

Relationships between independent manufacturers' representatives and their manufacturing principals are founded upon each of the party's expectations as to the other party's performance, capabilities, and actions. Exceeding these expectations make the relationships prosper, and failing to meet expectations sow the seeds of discontent and ultimately lead to dissolution of the relationship.

The key element in the "expectation scenario" is the communications that take place between the independent representative and the manufacturer. Obviously, communications is an ongoing process and not something that is reserved for special times or specific instances. However, there are certain times in the business cycle where a more formal process of communicating and clarifying expectations are essential to a healthy and continuous relationship. We suggest that at the beginning of each business cycle (usually annually) certain questions need to be asked and certain issues need to be addressed openly and honestly between representative and manufacturer. What follows is a suggested list of areas that each independent representative should discuss with their manufacturing partners. These are not mutually exclusive areas of discussion. Each needs to be addressed from the perspective of the two parties. When the expectations are defined and agreed to, the stage is set between the independent representative and manufacturer for a successful business partnership.

The critical issue is that at the beginning of each business cycle the relationship is renewed. the expectations are defined and mutual agreement is established. Once the checklist is established, it can be revisited periodically to keep the relationship on track, healthy, and most of all, profitable.

Suggestions for Use

Obviously, this document is just what its title implies - a guideline! Any relationship might require the addition of other areas of discussion or the deletion of some of those that are suggested here.

The following guideline of suggested topics should be discussed in establishing mutually agreed upon objectives

prior to the commencement of a business cycle. These topics and their content then become the platform for ongoing dialogue between the manufacturers' representative and the manufacturer during the year.

These topics could be the basis of a planning meeting between a regional sales manager and agency principal and/or others in the agency. Once discussed, a two-page summary or bullet point around each criterion would form the key communication link to objectives for the new year.

Meeting Topics

1. Goals and Objectives

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

Suggested topics:

- ⊙ Increase/decrease for agency/manufacturer vs. prior year
- ⊙ Increase/decrease for manufacturer/agency vs. prior year
- ⊙ Review quota spread
- ⊙ Key product line emphasis points
- ⊙ Possible key account targets
- ⊙ What are the trends/history (2-3 years) in this market?
- ⊙ Other
- ⊙ Other

2. Planning

"Who's on first," "who's on second," etc. and are there any changes that should be discussed?

Suggested topics:

- ⊙ People assignments
- ⊙ Ownership/succession plan
- ⊙ Personnel changes/assignments
- ⊙ Key contacts at agency/manufacturer
- ⊙ Policy changes
- ⊙ Future markets
- ⊙ Strategic direction
- ⊙ Other
- ⊙ Other

3. Distribution

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

Suggested topics:

- ⊙ Planned additions (who, when, what product)
- ⊙ Planned deletions (who, reasons, when)

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- ⊙ Critical strategic distribution moves (chain, buying group, target market, niche/specialty markets, etc.)
- ⊙ Channel focus
- ⊙ Other
- ⊙ Other

4. Compensation

A key element always to be reviewed so as to prevent any misunderstanding.

Suggested topics:

- ⊙ Commission plan by product
- ⊙ Any incentive plans in place
- ⊙ Other (warehouse allowance, specification work, co-op programs. etc.)
- ⊙ Are the compensation plans for manufacturer and representative personnel structured to accomplish the market objectives?
- ⊙ Other
- ⊙ Other

5. Promotion

To assist both the representative and manufacturer in their planning. At minimum a skeleton of promotion plans and expectations should be reviewed.

Suggested topics:

- ⊙ Available and planned promotions (local/national)
- ⊙ Collateral (brochures, catalogs, sell sheets, etc.)
- ⊙ Advertising schedule, if applicable
- ⊙ Review for local effectiveness
- ⊙ Trade shows
- ⊙ Promotional target audience (distributor, end user, specifier, etc.)
- ⊙ Electronic media
- ⊙ Other
- ⊙ Other

6. New Products

It is important to establish the timing, expectations and rationale in upcoming new product introductions.

Suggested topics:

- ⊙ Planned introductions/training
- ⊙ Sales goals/competition
- ⊙ Rational/application
- ⊙ Field input on potential products and results
- ⊙ Other
- ⊙ Other

7. Training

What will be the key objective in the coming year for the representative to distribution and/or end users? Likewise,

is there planned training for the representative and/or manufacturer?

Suggested topics:

- ⊙ Representative - product/skills
- ⊙ Distributor sessions
- ⊙ End user and/or consulting engineer
- ⊙ Frequency
- ⊙ Other
- ⊙ Other

8. Reporting

Any expectations should be discussed and agreed upon.

Suggested topics:

- ⊙ Format
- ⊙ Prepared to discuss the 7 points above
- ⊙ Any other agreed upon criteria - Example: 2x per year competitive overview
- ⊙ Other
- ⊙ Other

9. Factory Visits

What factory visits are planned? What is the representative's role? What will be accomplished with the visits? How will costs be handled?

Suggested topics:

- ⊙ Who (representative, distributor, specifiers, end-users)
- ⊙ Frequency
- ⊙ Planning
- ⊙ Other
- ⊙ Other

10. Specific Objectives/ Action Plan

The final step is to summarize the results and create a written document that can provide a guide and a benchmark for progress throughout the business year. The objective is to be very clear about the expectations and to remove any assumptions.

Suggested topics:

- ⊙ List what and who
- ⊙ Representative responsibilities
- ⊙ Manufacturer responsibilities
- ⊙ Other
- ⊙ Other

