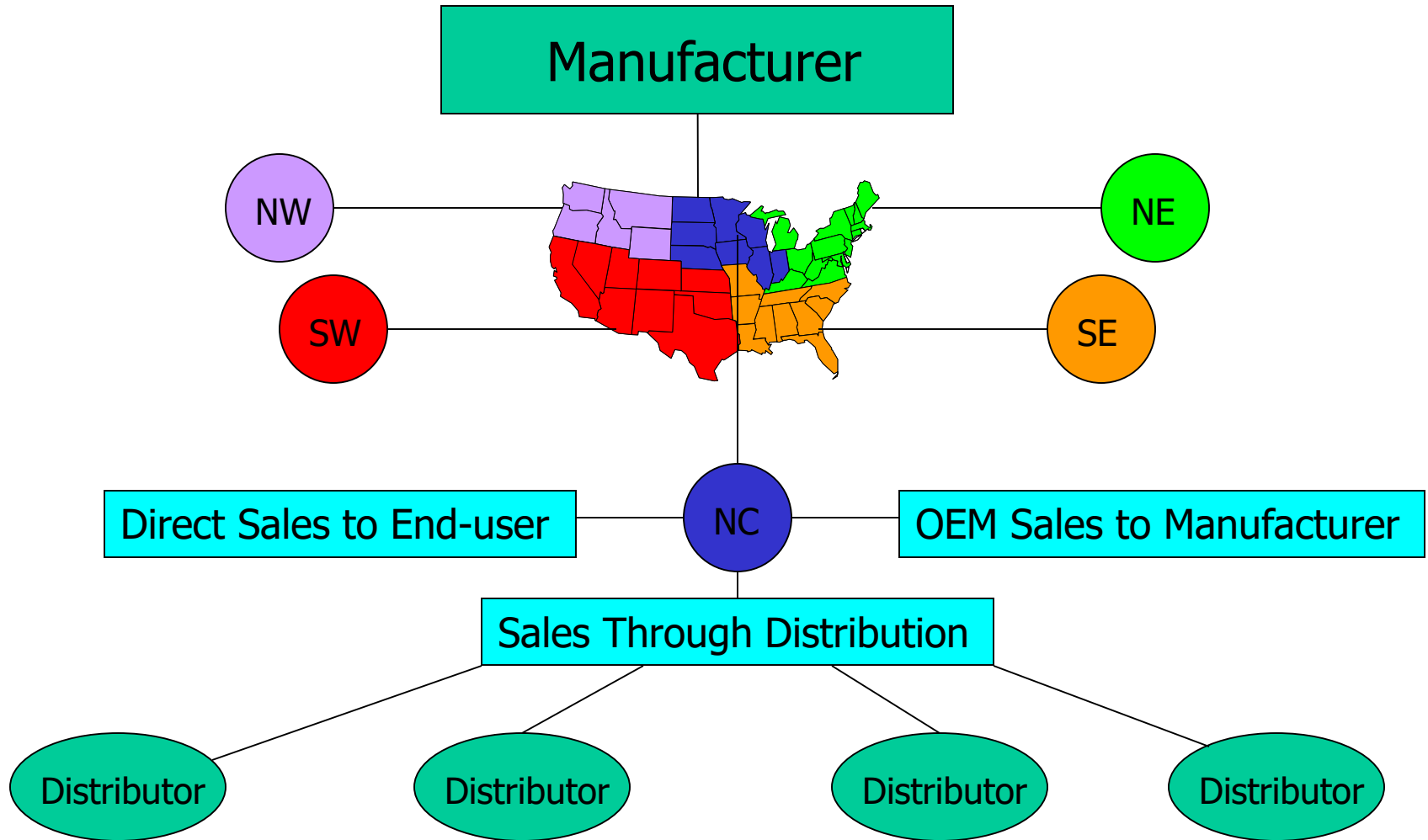


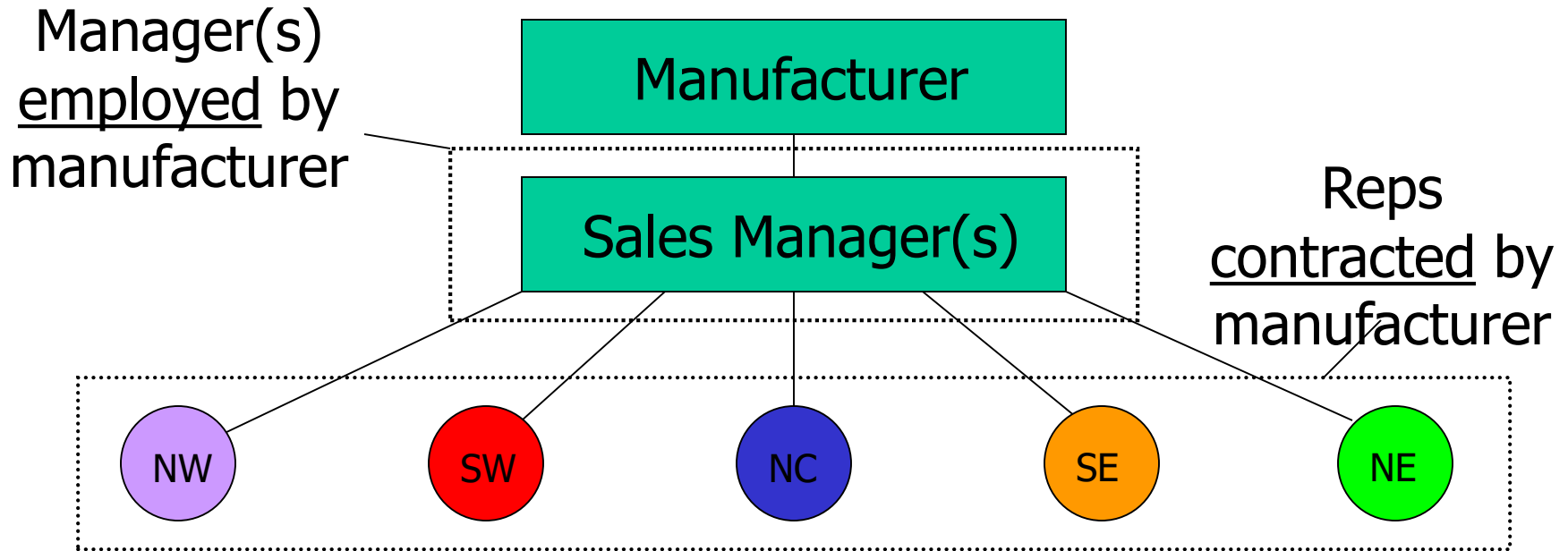
How does a Manufacturers' Rep system work?

- Who sells what to whom?
- Why do manufacturing companies use reps?
- How does a manufacturer cover the USA with reps?
- What do reps do exactly?
- How/why do they get paid?
- What's in it for the manufacturer?

Modern Manufacturers' Rep System



Typical Rep Management System



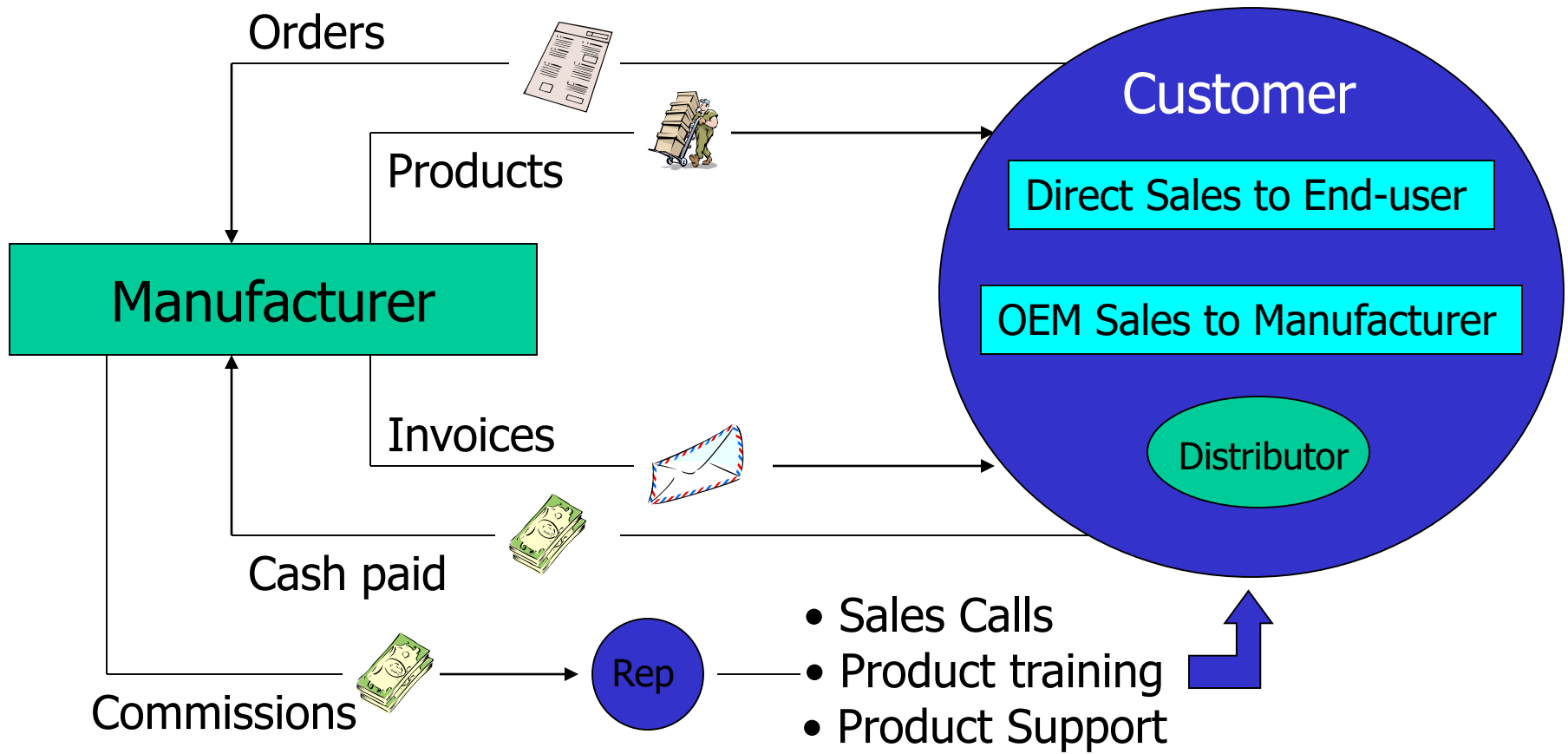
- One or more than one Sales Manager can manage multiple Rep agencies
 - Reps can have one or more than one individual employed
 - Each Rep manages a defined geography or set of accounts

What Rep's do...

- Make sales calls
 - with distributors
 - directly on end-users
- Train distributors and customers in the proper application of the products
- Coordinate & manage special requests and proposals
- Manage sales leads
- Provide marketing intelligence and strategy
- Troubleshoot and handle day-to-day issues in the field
- Generally do not sell directly competing lines



Order Flow through Manufacturer's Representative System





Rep's are...

- NOT an additional channel
- NOT “middlemen” nor channel intermediaries
- Independent sales & support personnel *contracted* by the manufacturer... NOT *employed* by the manufacturer
- Paid on commissions from the entire territory and/or product line within a defined geography or set of accounts
- Only compensated after a sale is made (a *variable* cost)
- The Manufacturer’s “eyes and ears” in the field

Benefits of Reps...

- In-depth understanding of the local market (distributors and manufacturers)
- Long-term commitment to the local territory
 - Stable relationship with customer base
- Consultative, multi-faceted (multi-line) selling approach
 - More efficient sales calls (several products in a single meeting) & more opportunities
- Provide assistance in market strategy
- Cover more of the available market with no fixed costs
 - Variable selling cost for principals – the more sold, the more commission paid

