



Power-Motion Technology Representatives Association

# FOCUS

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## President's Perspective

by Chris Brisbane, Brisbane Industrial Drive Co., PTRA President

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### Where is your Round Table?

Many CEO's and presidents of distributor organizations have formed industry focus groups for the express purpose of information exchange and idea sharing. Industrial distribution has reported that they address topics such as: strategic planning, mergers, acquisitions, compensation and succession planning, to mention a few. In one instance they actually provided analytical financial evaluation assistance and discussed competitive situations both aimed at directing success to a merger.

The forums are designed to provide sounding boards. The round tables are formed through the vertical industries the company serves and through the networking their industry association provides. These forums are organized to minimize conflict by grouping participants from diverse geographic locations. Membership to a round table requires the execution of a confidentiality agreement and of course acceptance of the members already seated at the table. The purpose is to avoid seating competitors with each other, eliminating the exposure of competitive information. One true benefit is the ability to change topics based on current experiences.

These specific functions may be too in-depth for our purposes so let's not get caught up in fine detail of their purpose. We understand that the success of these round table forums has stimulated growth where estab-

lished because they tend to address vertical industry specifics.

So, where's your round table?

Where are you going to monitor industry trends, consult with a legal advisor, interview colleagues, meet with your principals, monitor tax code lobby efforts, enjoy some limited social time and yes, maybe even talk with local competition?

Doesn't it all sound like the direction and function that we're pursuing as PTRA?

The vision our founding members held for PTRA, and the mission we continue to pursue is just that. We will provide a forum, for our Allied members and Active members alike, to address our specific industry topics and programs as well as offer PTRA as a portal to acquire information and tools to help us run our respective organizations more effectively. After all, it's only profitability that's at stake.

Our ultimate goal is to have our total membership recognized as the premiere sales, manufacturing and worldwide supply organizations in industry. You are the point of presence for the market you serve. We need simply become more effective to become recognized as the most produc-



Chris Brisbane

tive structure in American industry.

PTRA is committed to providing access to the information you require for long-term planning. Our association will continue to provide:

- No-charge access to legal advice during conferences.
- No-charge access to accounting advice and forums during conferences.
- Networking, networking, networking.
- Specific time with your principals and reps.
- Specific topic roundtable seminars as requested by you through our feedback surveys.
- Support for NFIB and SBA legislative lobby efforts.
- Access to industry leaders.
- Continuing education for the professional business manager.
- Continuing education for the sales profession.
- Continuing education for regional sales managers.
- Recognition as a premiere representative and business professional.

Our 2007 conference is particularly exciting for me for several reasons. We are celebrating 35 years of continuing service to our industry. It comes as no surprise to me that we continue to thrive while other associations are struggling with declining membership and dwindling financial resources.

This characteristic alone is a tribute to our membership, so thank you for confidence and continued support. Our growth and focus will allow us to expand our industry services and increase our association's benefits to our principal and representative membership alike.

We will thank our predecessors for their commitment to excellence, vision and fortitude in establishing our professional association and creating our annual idea exchange forum.

We will enjoy some limited extracurricular activities and evening social time. Finally, my 10-year commitment starts to wind down allowing those with bigger and brighter ideas to continue the efforts.

Your Board of Directors has many accomplishments for which to be proud. The two most significant are: (1) Exercising fiscal restraint and continuing financial stability, and (2) Taking the next step in the perpetual evolution of our strategic plan.

We will report to you on both of these activities in the near future.

PTRA has selected an outstanding facility for our 2007 Business Meeting and Conference, and I hope you will join us and continue the tradition of support at the fabulous South Seas Resort on Captiva Island, Florida. ▲



## Trinkle To PTRA: The Times Are A-Changing

It might be a bit of a stretch to hear Copernicus and futurist Alvin Toffler mentioned in the same presentation, but that's exactly what happened — to great effect — at this year's PTRA Annual Conference in Tampa, Florida.

When former rep and current consultant/author Bob Trinkle began his presentation entitled "The Times Are A-Changing," aimed at dispelling myths that surround the rep profession, he drew upon those two figures to assist in making his points.

Trinkle, co-author with Erin Anderson of *Outsourcing the Sales Function: The Real Costs of Field Sales*, emphasized that both Toffler and Copernicus offered ideas that were well before their time. "What Toffler wrote about change in the 1970s is more applicable today than it was then," he said. "As for Copernicus, the Polish astronomer who advanced the heliocentric theory that the earth and other planets revolve around the sun, it took more than 300 years before his papers were published and accepted."

As to what these two men and their ideas have in common with manufacturers' representatives, Trinkle offered a discussion of three oft-repeated myths that plague the profession:

- The "additional channel member myth" (e.g., the rep is an added cost).
- The "break-even curve."
- The time that reps have available for "face-to-face" selling.

One of the reasons Trinkle cited for the proliferation of these myths was that very little, if anything, is taught about reps in institutions of higher learning in this country. "In the business school of the University of Virginia, for instance, there's no mention of manufacturers' reps; but that's hardly unusual. None of the people who teach the course there have any working knowledge of reps and the functions they perform. As a result, CEOs and CFOs of major corporations will travel there and spend thousands of dollars while learning nothing about the rep function. The result is that people remain uninformed, misinformed and misled concerning the rep function. I

get calls all the time from consultants who want to know about field sales, including costs, because all they know is what their textbooks in college taught them — and that was nothing."

Just as Toffler wrote years ago, however, times are changing, and right now we're in the midst of an outsourcing boom. People are doing more finite examinations of all the costs in their organizations and their investors expect a full-cost examination and resulting full disclosures of all costs. Hence the importance of addressing and dispelling these myths.

### The Additional Channel Member Myth

To make his point concerning the fallacy of this myth, Trinkle showed attendees two charts, one diagramming the myth and the other serving as an example of the "real world." With the former, the manufacturers' representative occupied a position between the manufacturer and the manufacturer's sales force and the manufacturer's distributors and dealers. More accurately, his second chart showed the rep occupying a position with (as opposed to between) the manufacturer's sales force and his distributors and dealers.

To more accurately make his point, Trinkle cited the book, *Marketing Channels*. According to Trinkle, "This is a textbook widely viewed as the benchmark in distribution channel management. This is the leading textbook in executive and MBA education."

One of the reasons he thought so highly of this book is gleaned from the following passage: "...For our purposes, a key question is what role an MR (manufacturers' rep) fills. A rep is a downstream channel member, functioning as an equivalent to a company sales force. Like the 'direct' sales force (i.e., employed directly and solely by the



Bob Trinkle and Duncan MacDonald discuss the myths surrounding manufacturers' reps at PTRA's 2006 Conference.



manufacturer), an MR sells to other channel members, such as wholesaler-distributors, OEMs and retailers.

“Conventions for MRs vary widely. In the United States, reps traditionally, but not always, sell a portfolio of complementary products, but give each manufacturer exclusive representations in its own product class. In this manner, a rep offers assortment to the customer while offering exclusive dealing to each manufacturer. This is an appealing combination for the customer, who enjoys one-stop shopping, and the manufacturer who faces no interbrand competition....”

Finally, Trinkle offered, “Reps are a substitute, an alternative — at no additional cost — to a direct sales organization.”

### **Finding the Break-Even Point**

The second myth refers to that point where there is an obvious financial crossover point to change from reps to a direct sales force.

To begin a discussion of this topic, Trinkle used words that have probably been heard in the accounting offices of many manufacturers: “You should see the size of the commission checks that we just mailed out to our reps. We could pay a lot of salaries for our own captive sales force and save money.”

In answer to that type of thinking, Trinkle said, “Those words are misleading and don’t represent any reality. They are totally inaccurate. Unfortunately, that type of thinking is still being taught today. Most academics and textbook writers never update their knowledge regarding reps and actual field sales costs.”

According to the keynote speaker, it is also “misleading to say that reps are most cost-effective at lower sales levels, and that at higher levels a direct sales force is more efficient. When you plug in salaries, benefits, support and commissions, that’s simply not true.” Trinkle explained that in performing the math, “they mention nothing about salaries or how many salesmen they’re talking about.” He added that in the real world, administrative costs increase as sales go up. At the same time, reps are

forced to face alterations on their commission schedule as sales go up. “You don’t have to have a Ph.D. to do the math on this. Let’s face it — you can calculate anything you want.”

To bolster his argument concerning the importance of considering salaries and related costs to employing a direct sales force vs. reps, Trinkle noted that there are more than 70 expenses related to running your business.

For instance, consider:

- Travel and entertainment.
- Automobile expenses.
- Professional services.
- Retirement plans.
- Employee relations.

“These expenses remain, and it doesn’t make any difference if you have a direct sales force or work with reps.” The benefit of working with reps, he explained, is that the costs related to reps are carried by the rep firm — not the manufacturer.

He continued that in terms of cost, “a rep firm is the closest example a manufacturer can have of a district sales office — without having one.”

Finally, Trinkle explained that with reps, the rep doesn’t get paid until he sells something. “With a direct salesperson, on the other hand, you’re paying him a salary from day one. That salesman can spend a year or two getting acclimated to the territory, but he’s being paid from the very beginning. That’s a cost of sales that very few people think about. But with a rep, he’s selling from his first day in the territory — and everyone in the rep firm contributes to the selling process. All of this costs the manufacturer nothing. You won’t find any bank more friendly than that.”

### **Face-to-Face Selling Time**

According to Trinkle, once you subtract a salesman’s weekends, sick days, vacation days, office days, etc., from the 365 days in a year, you’re left with 132 selling days annually. As a result, it’s critical that the salesman’s time be maximized in front of the customer — and that’s exactly what the rep does, certainly to a greater extent than the direct salesperson. On this point, he emphasized, “Cost per

sales call can be misleading. Face-to-face time in front of the buying influence is the critical element.” To achieve that face-to-face time it’s always a goal to:

- Eliminate non-productive tasks.
- Create internal systems to handle minutiae.
- Restrict and eliminate meaningless reports.

In conclusion, Trinkle related an experience he had during the past year that involved working with a manufacturer’s CEO and CFO. “The CEO had worked his way up through the sales ranks. The CFO, on the other hand, could have used some ‘charm school’ experience. At the end of the meeting the CFO pulled me aside and showed me his shareholder’s report that described how much the company had invested in machines, equipment, etc. His point was that this was the most important thing that the company did. My comeback to him was: ‘Everything you’ve just showed me came from selling something. If there’s no selling, then there’s no plant, no paychecks, no people, etc. Nothing happens until someone sells something.’ And, for our purposes, that’s the job of the rep, and no one does it better.”

The theme of change was continued during other sessions conducted during the PTRA Conference. In addition to Trinkle, other speakers at this year’s meeting included Tom Robertshaw, senior vice president, sales and strategic planning, Motion Industries, Inc., and consultant Paul Pease. ▲

## Proven Techniques/Proven Performance A Successful Path To Professional Grade Results!

**2007 PTRA Annual Conference**  
**April 30-May 2, 2007**

by Kurt Fisher, Engineered Industrial Products, Inc.,  
PTRA Conference Chairman

The 2007 PTRA Annual Conference provides us the opportunity to celebrate 35 years as a successful association. And the South Seas Island Resort at Captiva Island, Florida provides the perfect setting for this celebration with completely renovated accommodations featuring West Indies décor with bamboo and teak furniture, (oooh!) and luxurious comfort to meet your every need (aaah!). With miles of private beaches, (oooh!) warm tropical waters, (aaah!) Florida sunshine, (oooh!) and world famous shelling, (aaah!) there’s something for everyone to enjoy.

The Executive Committee is hard at work developing the conference content, which will provide you with the tools you need to grow your business. This year’s conference attendees will benefit from a creative mix of networking, speaker content, round table discussions, interview booths, and vendor booths designed to educate, motivate and generate new and fresh ideas. Our goal is to provide each individual in attendance with specific action items narrowed and focused enough to arm you to grow your business in your everyday life, on the street level, and synergistic with your existing everyday efforts.

With relevant speaker content and new information and ideas on industry trends, technology that provides efficiency, operating cost management, and principal relations education, the 2007 PTRA Annual Conference will have you leaving with a fresh start on your own successful path to professional grade results!

Mark your calendars and set aside the dates — April 30-May 2, 2007.

Plan to attend! ▲





Linda McKee

## Tune-up for the 2007 Conference

by Linda McKee, PTRA Conference Planner

PTRA's National Conference will be held April 30-May 2, 2007, at the South Seas Island Resort on Captiva Island, Florida. Previously known as South Seas Plantation, the resort is nestled away on more than 330 acres in the Gulf of Mexico and offers a secluded island escape. The northern tip pampers guests with a private pool club, elegant yacht harbor and exclusive accommodations located at land's end. Charming trolleys move guests across the island for easy access to signature South Seas activities and renovated accommodations. Captiva pastimes include a new gulf-front executive golf course created by architect Chip Powell as one of the top five short courses in the world.

With accommodations in various retreat settings, South Seas provides completely refurbished accommoda-

tions featuring West Indies décor with bamboo and teak furniture, lavish bedding and spacious bathrooms. Your guest room is a haven of luxurious comfort, complete with amenities to meet your every need.

Of course, you'll want to spend your time outside in the glorious Florida sunshine. There you'll have your choice of things to do and see — golf, tennis, water activities of all kinds (sailing, snorkeling, scuba diving, shelling, kayaking and any other water sport you can think of), cruises, fishing and sailing. For land-lubbers, there are bike trails, nature walks and hiking, spa services, shopping, tram tours, etc. And don't forget dining, from fresh seafood in a casual dockside setting, to an open air bistro with panoramic views of surrounding waters, to elegant cuisine in a legendary setting, South Seas will tempt even the most discriminating palate.

Let's not forget the kids. The South Seas new Kid's Camp entertains toddlers through teens with adventure, discovery and educational programs available throughout the day and evening hours.

And, if you've come to enjoy the true Captiva Island, you'll stroll across miles of private beaches, dip your toes in the warm tropical waters and find treasures in the shells that make our island world famous.

For more information visit the South Seas Island Resort web site at [www.southseas.com](http://www.southseas.com).

For a preview of the 2007 conference program, see "Proven Techniques/Proven Performance" on Page 5 by Conference Chairman Kurt Fisher.

A detailed conference program and registration information will be on the PTRA web site ([www.ptra.org](http://www.ptra.org)) in November, and you'll be receiving a conference brochure and sign-up forms in the mail before the end of the year as well. ▲



## Lines Available

### Ogura Industrial Corp.

100 Randolph Rd.  
Somerset, NJ 08875  
www.ogura-clutch.com

#### Contact:

Fred Cacace, Product Manager  
(732) 271-7362, fax (732) 271-7580  
E-mail: fcacace@ogura-clutch.com

**Terr. open:** Canada, except C4

**Product:** Electric clutches and brakes, superchargers.

**Target markets:** Industrial and mobile, fuel cell manufacturers.

### Orttech

32425 Aurora Rd.  
Solon, OH 44139-2821  
www.orttech.com

#### Contact:

Bill Granchi, Marketing Manager  
(440) 498-7458, fax (440) 498-8268  
E-mail: wgranchi@orttech.com

**Terr. open:** All except OH, NC, SC, Ontario.

**Product:** Industrial clutches, brakes, plates.

**Target markets:** OEM.



## Members' News

**J.F. Gleeson & Associates, Inc.**, would like to announce the additions of Joe Purcell and Dave Eaton to their sales group. Both men have previous industrial sales experience and will be excellent assets to the agency.

In other news J.F. Gleeson & Associates was recognized for their 125 years of continuous service by Leeson Electric, a Regal Beloit Company, during the PTRA Conference at Innisbook Golf Resort, Tampa Bay, Florida, in April.

**Hilco, Inc.** is pleased to announce the addition of Jarred Thorpe to Hilco's group of application engineers. These application engineers support our company's outside sales engineers, distributor's and customers on the Hi-tech products we represent. Jarred comes to Hilco with a wide background in system integration and technical support. Jarred will support our team in south Georgia and south Alabama.



## Calendar Of Events

September 20, 2006  
Starting from Scratch  
An Introduction to  
Creating an  
Interdependent Sales  
Force (for Principals)  
Chicago area  
www.manaonline.org

September 21, 2006  
Effective Rep Sales Force  
Management  
(for Principals)  
Chicago area  
www.manaonline.org

September 26-29, 2006  
MRERF Educational  
Program Certified Sales  
Professional Program  
(for Reps)  
Austin, Texas

Fall, 2006  
MANA Half-Day Seminars  
Successfully Managing  
Conflicts in the Rep-  
Manufacturer Relationship  
(for Principals and Reps)  
14 cities, check the  
MANA web site for details  
www.manaonline.org

October 24, 2006  
Maximizing Rep  
Performance: Answering  
the Tough Questions  
About Increasing Sales  
and Profits With Your Rep  
Sales Force  
(for Principals)  
Chicago area  
www.manaonline.org

November 1-2, 2006  
Mini-Conference (for Reps)  
Chicago area  
e-mail: thill@era.org

November 9, 2006  
Effective Rep Sales Force  
Management  
(for Principals)  
Chicago area  
www.manaonline.org

January 7-11, 2007  
MRERF Educational  
Program CPMR  
Certification Program for  
Representatives  
Arizona State University  
Tempe, Arizona  
www.mrerf.org



## PTRA Code Of Ethics

The position of the representative is unique as the liaison between the distributor, the customer, and the manufacturer represented. Therefore, I believe it to be my responsibility:

- To hold my business in high esteem and strive to maintain its prestige.
- To keep the needs of my distributors always uppermost.
- To respect my distributors' confidence and hold in trust personal information.
- To render continuous service to my distributors, customers, and manufacturers.
- To employ every proper and legitimate means to persuade my customers to use the proper equipment for the application, if known, but to rigidly adhere to the highest standards of business and professional conduct concerning these recommendations.
- To present accurately, honestly, and completely every fact essential to my distributors' and customers' final decisions.
- To perfect my skills and add to my knowledge through continuous thought and study.
- To conduct my business on such a high plane that others emulating my example may help raise the standards of our vocation.
- To keep myself informed with respect to my manufacturers' policies, rules, and regulations and observe them in both letter and spirit.
- To respect the prerogatives of and cooperate with all others whose services are constructively related to ours in meeting the needs of our distributors and customers.

## PTRA Mission Statement

The Power-Motion Technology Representatives Association (PTRA) is an association of independent manufacturers' representatives and manufacturers dedicated to promoting the sales representation (rep) function in the power transmission and motion control industries.

PTRA will strive to offer all members opportunities for education, information exchange, networking with other reps and manufacturers, plus an array of quality services designed to improve career performance and professional stature.

The PTRA *FOCUS* is a quarterly publication of the Power-Motion Technology Representatives Association

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We're on the web! [www.ptra.org](http://www.ptra.org)

## 2006-2007 Board of Directors

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