

Breaking new markets with a commercial sales agent

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If you can't afford to employ a

dedicated sales person but want to target new markets, a commercial sales agent could offer the solution. Naomi Marks finds out how recruiting an independent specialist could increase your reach.

A commercial sales agent is a self-employed sales person who will sell your goods or services in return for commission. Businesses usually appoint agents because they need specialist help in reaching markets in a particular sector or geographical location.

"They suit businesses where personal selling methods are preferred to arms-length sales channels, such as mail shots," explains Paul Brown, managing director of sales agent consultancy Agent Base.

"Agents can also help those with a fragmented customer base," he adds. "Many small firms use them to access domestic markets, but they can be particularly useful in selling abroad where different languages and customs can be an issue."

Sales agents as a cost-effective solution

Sales agents can be a cost-effective means of reaching a wide variety of markets.

"A lot of small businesses don't have the budget to justify employing a full-time sales representative," points out Brown. "It can cost £50,000 to £100,000 a year to keep one rep on the road. With a sales agent, if you sell nothing, it costs nothing. The cost is always in line with the profitability as they only earn commission."

An agent's main asset is the customers that they have relationships with. "Most agents have several hundred customers that they have been dealing with for years and they can put your product directly in front of them," explains Brown.

However, Brown warns that managers who find it hard to relinquish control may find the relationship difficult. "Agents will not deliver a company script, wearing the company shirt," he says. "They do not want to field constant calls from owner-managers. Most agents are running their own business and don't want to be micro-managed."

Finding the right sales agent

Your local chambers of commerce or trade body may hold lists of sales agents, but more commonly businesses source agents from a sales agent register.

It is essential to interview shortlisted candidates. Weigh up whether a potential recruit has a good reputation in your market place, knowledge of your sector and a portfolio of existing clients.

"You need to be sure the agent's customer base is congruent with your target market and they have a portfolio of complementary, non-competing products," advises Brown.

Write a watertight contract

As self-employed intermediaries, sales agents usually make their money from commissions on sales, although some may receive retainers or expenses.

Importantly, European law gives sales agents considerable protection so a contract must be drawn up by a solicitor. "By default, agents have a lot of rights - similar to those of employees, so you need a formal contract," stresses Brown.

If it all sounds rather daunting, Brown advises you remember the plus points of using a sales agent: in essence, getting your product into the hands of many potential clients you may never otherwise reach. "For many businesses, there isn't really an alternative," he concludes.