

Rep's task now more complex

By Dave Scarangella

HIGH POINT — For years, the responsibility of a sales representative to a furniture manufacturer was simple: sell as much furniture as possible.

The equation isn't that simple anymore.

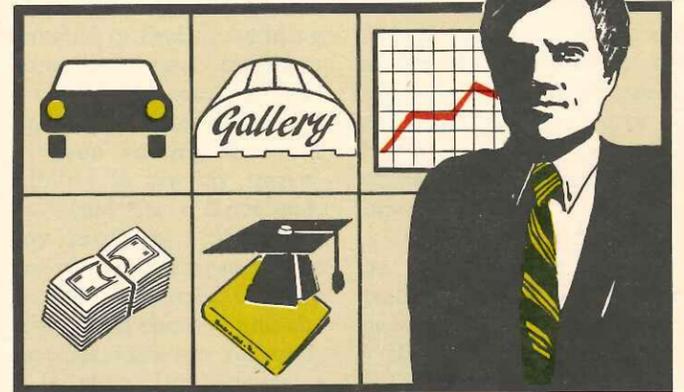
Selling the product may result in the commission paycheck that keeps the rep going, but the actual sales transaction is now almost a minor part of the sales process. Service, advertising advice, marketing ideas and retail sales training are duties the rep must assume in addition to selling the product.

Further complicating the picture are the effects of industry consolidation and manufacturers' galleries on the sales rep. Consolidation among both retailers and producers, as well as the demise of many small retailers, has reduced the number of opportunities a rep has to pick up a line or to sell a product.

Many years ago, a rep could determine a factory's distribution by himself. If he could sell 30 accounts in the same trading area the same product and still keep all the accounts happy, more power to him.

With today's gallery programs, the factory determines the distribution, and it has become a much more selective distribution. A rep who at one time had 100 accounts spread throughout his territory may now find

CHANGING ROLE OF THE REP



himself with 20, many of those galleries accounts. And while those 20 accounts may produce much greater sales, they also require much more service than the previous 100 accounts probably did.

Greater demands

In short, today's sales reps have to contend with greater demands from factories and retailers, while having fewer opportunities to sell. As a result, many reps have been forced to sharpen their skills, others have decided to pursue additional training, and several have decided to find something else to do with their lives.

"Today's rep has to be more professional, more sophisticated and he must be a better businessman," said Joe Meadors, senior vice president of marketing at Bassett. "You don't see any more of the slap-them-on-

the-back, get-the-order and see-them-later routine. He must be a better detail man, a better marketing man and he has to dedicate himself to service to the dealer."

He must also be better educated. As in any business, there will always be those with enough street-smarts gained through years of experience who need no further training. But as the world of the sales rep continues to evolve, the number who don't need additional training, either through formal classes or informal seminars, becomes fewer and fewer.

One source of such training is the Certified Home Furnishings Representative program. Conducted by the International Home Furnishings Representatives Assn., the CHR program deals with the marketing and management skills today's rep needs, and can be completed in anywhere from six

"Buyers for the major stores (are) in their late 20s, and some manufacturers don't think a 60-year-old rep can call on a 30-year-old buyer as effectively as a younger rep can."

—Stan Tremewan
IHFRA president



"In the gallery programs that have been handled correctly, the reps I've talked to believe they're doing even better now than they were before galleries."

—Bryan Jeffreys
IHFRA executive director



Galleries shrink accounts, pose challenge

HIGH POINT — Gallery programs may be popular among furniture manufacturers and retailers, but they are a cause for concern among sales reps.

It is the gallery programs, some reps believe, that have made their jobs much more challenging. For some reps, gallery programs have been a real bonus, resulting in increased volume and commissions.

But to others, the programs have meant a reduction in the number of accounts a rep has been able to sell in a given territory, and required a rep to spend more time doing non-selling duties that could be spent generating commission dollars elsewhere.

Manufacturers dispute the idea that galleries have been detrimental to the rep. Several manufacturers heavily involved in galleries said their reps are still making



very good money, and that the added time spent servicing accounts is resulting in added volume and commissions.

"In our case, we think the commissions are very appropriate and that our reps are continuing to see their incomes go up as sales go up," said Fred Starr, president at Thomasville. "Sure, it's less opportunistic, but you're building relationships. The motivation is to help the retailer perform better."

But some reps are worried

about what will happen when the retailer does not perform better. Just as the retailer is tied to the manufacturer in good times and bad, so is the rep. And in bad times, there is some concern about how well the rep will be able to do with such a limited account base.

"The gallery concept is exciting and wonderful, and if it does what it's supposed to, it'll be great," said Bryan Jeffreys, executive director of the International Home Furnishings Representatives Assn. "I think in the gallery programs that have been handled correctly, the rep feels he's doing better than he was before galleries. The question is, what will happen if there's an economic downturn."

Other reps question the effect a gallery program has on a rep's overall skills.

"I think for the reps who

are selling the gallery programs, their life has become more like that of a detail man, like the guy who works the drug racks at the supermarket," said Stan Tremewan, a California rep who is president of IHFRA. "They go around and take inventory and train salespeople and that's all they do. In some territories, however, they're making money."

"I know of one rep in California who had his account list cut from 200 to 17 in two years. The commission rate was cut to 2%. But the business increased so much he still ended up making good money. But I think that's the fallacy of the whole thing. If a retailer decides to go with a manufacturer, that manufacturer may be hot this year and next year. But two years from now that manufacturer may not be hot."

Several reps noted that

even though they don't service gallery accounts, the effects of the programs can still be seen in their business. And the effects aren't necessarily good.

"One thing I've noticed is that loyalty from the retailer to the rep has dwindled," said Fred Page, a Denver rep and a vice president of IHFRA. "If a retailer on his floor sells occasional tables, and the next guy to walk in has occasional tables that fit the right look and the right price range, there's a 90% chance he's going to get the order."

"The retailer's loyalty to any company has dwindled because there's a fear he can spend years with a company, then that company is going to bring a gallery program to that area and screw up all the profits they've made over the last 20 years. So he's going to buy when he needs it from

than sell, sell, sell

months to a year.

"The program teaches a rep how to go in and prior to making a presentation, do an analysis of the man's floor," said Albert Barbiero, a Florida rep and former IHFRA president. "You find out the price points, his weaknesses, what his competition is doing, what his percentage of the market is, what he is missing in the percentage of the market, how can he achieve that percentage of the market and what are the benefits of doing business with you over anyone else."

"You're able to lay out a program for them that you can fit into yours. CHR teaches a rep how to analyze the situation, where to get information to offer a better analysis, how to train the retailer's retail sales help, and how to make the retailer's business more profitable. CHR teaches you how to be a bigger asset to the retailer."

Several manufacturers have additional programs. Companies such as Thomasville, American Drew, Pennsylvania House and Broyhill are just a few of the larger case goods companies who conduct in-house seminars for reps covering similar subjects, including such technological changes in the dissemination of information as fax machines and computers.

Many manufacturers encourage reps to enroll in the CHR program, offering either partial or full reimbursement of the course fees. The CHR

program presently costs \$700 for an IHFRA member, \$1,000 for a non-member.

Younger reps

Education may help reps deal with increased marketing and sales demands, but there are other changes in the past few years that also have affected the sales rep.

One has to do with the average age of the rep force, which according to IHFRA insurance statistics has dropped significantly in the past five years. The average age of a rep today is seven years younger than it was five years ago, according to IHFRA.

There are several reasons for the change. One relates to the effects consolidation and galleries have had on the industry. Older reps who have earned big incomes in the past no longer find it worth their while to maintain those incomes. Those reps simply retire.

Others are not leaving voluntarily. As manufacturers press for greater service from their reps, some of the older reps who do not pick up on new techniques quickly are being asked to leave.

Still others, several reps say, are simply being forced out because manufacturers believe older reps can't communicate as effectively with younger buyers.

"I think it's a combination of all three of those things," said Stan Tremewan, president of IHFRA and a rep in California. "There once was a time when you saw reps staying on the road until they

were 70 or 75, but you're seeing a lot less of that because a lot of guys are getting burned out in the industry. They can't change with the times and what the retailers and manufacturers want.

"Other guys are retiring earlier because they're either being asked to or they don't see a future in it. And other companies are just replacing guys in their 60s. If you look at the buyers for the major stores, they're in their late 20s, and some manufacturers don't think a 60-year-old rep can call on a 30-year-old buyer as effectively as a younger rep can."

Several manufacturers dispute that.

"I'm not exactly a teenager," said Broyhill President Gene Gunter when asked if the increased demands on sales reps tend to hit harder on older reps. "I think we're all faced with a requirement for an enlarged responsibility, and it doesn't matter how old you are or what the job classification is. That's just the environment we live and operate in, whether it's the furniture business or not."

Escalating costs

Regardless of age, the environment for reps has become more and more expensive. Airline fares haven't necessarily been that much of a problem, since a rep can often schedule his trips around available discount fares.

But the costs of hotels, cars and meals have risen steadily. Meals, once 100% tax deductible, are now only 80% deductible. And while expenses have risen, factory compensation hasn't risen at a comparable rate.

"I think the way a rep is compensated is something that has to be looked at," said Fred Page, a Denver rep who is a vice president of IHFRA and next year's president. "Our expenses have been going up continuously, yet the only time we get a raise is when the factories raise prices. And manufacturers seem to take a great deal of pride in saying they haven't raised prices in two years."

"Expenses and inflation have made furniture a great value, but that great value has cut into the income of many reps. Since it is a great value, you would expect to sell more product to offset those rising expenses, but then you come full circle to realize there are 25% fewer places to sell it than there were five years ago. Where are

see page 10

IHFRA program aims to increase professionalism

HIGH POINT — It will not change a sales rep's life. But the International Home Furnishings Representatives Assn. is certainly hoping that its Certified Home Furnishings Representative program will have a big impact on the future of the sales rep in the furniture industry.



CHR is an educational program designed to increase a rep's professionalism in the areas of marketing, advertising, sales training and service. The program can be completed in as little as six months, but usually takes about a year.

That year of studying should help a rep deal with changes in the furniture industry, IHFRA believes. In an age where reps have to deal with increasing demands from manufacturers and retailers, fewer retail outlets to sell to, and the possibility their jobs could be eliminated with the change of a national sales manager, IHFRA officials believe CHR can make a difference.

"It's our feeling that the more professional a rep becomes, the better chance he has of avoiding such situations," said Bryan Jeffreys, executive director of IHFRA, when asked what a rep can do when he's had commissions reduced, territories cut or his job eliminated due to distribution changes by a manufacturer.

"Even if it happens, the more professional he is, the better chance he has of finding another line. That's one reason CHR is so important."

Not everyone believes CHR is essential for reps. Experience and results are still the biggest factors manufacturers consider when determining who will carry their lines in a territory.

"Our emphasis is more on results," said Dave Ogren, president of American Drew and American of Martinsville. "If we feel the rep is doing the total marketing job whether he's certified or not, that's the important thing."

"The guy who is coming up short, who appears to have a weak link in his approach, then we might say, 'Here's something valuable to improve your skills in this area.' But we don't see it as a mandatory thing."

But several reps with plenty of experience say it is something every rep should pursue.

"I've been in the business for 30 years and I took the CHR course," said Albert Barbiero, a Florida rep and past president of IHFRA. "Originally I thought I didn't need to take it. But it was a real eye-opener to me. I think it's really prepared me for the changing role of the rep in the furniture industry, and has given me a better idea of what I'll be doing three years from now."

Only a small percentage of IHFRA member are currently certified reps, according to Jeffreys. But as the furniture industry continues to change, Jeffreys believes that number will grow larger. "It's one more professional tool in the rep's bag," he said. —D.S.



"The CHR course really prepared me for the changing role of the rep in the furniture industry."

— Albert Barbiero
IHFRA past president

to service skills

where he can get it."

Some reps, however, like gallery programs. Some reps do make more money.

And other reps not involved in galleries sometimes reap the benefits of pared-down account lists when a gallery is added to a trading area.

"If a company puts a gallery in my trading area, I think it's marvelous," said Albert Barbiero, a Florida rep and past president of IHFRA.

"I get a list of every retailer the manufacturer was selling, and believe me, it opens up the avenues for a lot of other lines."

"I don't think galleries are a problem for reps who are involved with them because they are creating enough volume. But the pressures are brought to bear when business starts getting tight."

"Then the manufacturers start turning the screws." —D.S.



"Loyalty from the retailer to the rep has dwindled."

— Fred Page
IHFRA vice president

It's no longer enough for sales reps to sell, sell, sell

from page 9

you going to get the volume to offset that deficit?"

Some are not coming up with the volume to offset that deficit. Both manufacturers and reps alike agreed there are probably fewer reps today making incomes of over \$100,000 than there has been in past years.

Good incomes

But there are those who are making good incomes. A recent survey by IHFRA of its members revealed that a majority of the respondents said they were making a "comfortable" income.

Bryan Jeffreys, executive director of IHFRA, said he couldn't reveal the exact dollar amounts, but said his definition of a comfortable income was "in excess of \$50,000 a year."

Asked specifically about galleries, which theoretically could cut a rep's income because he has fewer accounts to serve, Jeffreys said the view among reps he's talked to is positive.

"In the ones that have been handled correctly, the reps I've talked to believe they're doing even better now than they were before galleries," Jeffreys said.

"My approach is, if the rep is following company policies and directives, including the marketing plan, and in the process has to use a wheelbarrow to take his money to the bank, so be it," said Dave Ogren, president at American Drew and American of Martinsville.

"But it's based on performance to the prescribed job. If he's doing it, he gets it."

But many reps feel the prescribed job is now

CHANGING ROLE OF THE REP



taking more effort than it once did. None of the reps Furniture/Today talked to were complaining, saying they were willing to put in the effort, and that they were still able to make incomes as good or better than the incomes they've made in past years.

But each rep said they believed there might come a time when mere effort would not be enough. At that time, knowledge of the finer points of marketing, advertising and service might make the difference.

"If the rep is educated, he'll make the money. If he's not educated, he won't," said Charles Hobbs, a Georgia rep who is a member of IHFRA's liaison committee between its governors and executive committee. "The industry is changing and it will continue to change."

"There will be those reps who will complain they're not making a lot of money, but if you really

study the rep and who has been making the money, only about 50% have been super successful anyway. Those reps will continue to be successful. And those reps will be educated."

Changing ties

With increasing financial pressures, more demands from the factories and a shrinking number of accounts, there have been changes in the relationship between manufacturer and rep.

In one way, the relationship has become slightly adversarial, with some reps concerned that changes in the manufacturer-rep structure could affect their earnings.

Yet in another way, the bond between the manufacturer and rep has gotten stronger. There will always be the stories about a rep who had a commission cut or a territory reduced, but the good, successful companies are placing a greater emphasis on their sales force.

And the successful sales rep is doing more for his manufacturer.

"I think as their role is changing, they're becoming more important to the total success of the company," said Fred Starr, president of Thomasville Furniture. "When it was simply a sales job, which meant going out and selling all the accounts that could be sold, that was one degree of skill and one requirement."

"But now, with this whole marketing management job, as we work in partnership with the retailer and determine distribution in a very planned way, I feel very strongly that their position within the company is much more important and certainly much more essential to our success."

Antique Reproduction Furniture is not just for little old ladies.

The young, affluent, conservative consumer is the fastest growing market for French and Victorian reproduction furniture. With an investment of as little as \$1500 and 100 square feet of floor space you can reach this consumer group. Kimball is the nations largest manufacturer of French and Victorian reproduction furniture. We can show you how to set up a display in your store, provide you with hard selling aids, ad slicks and sales training for your personnel.

KIMBALL
Made by hand, after hand, after hand.
FURNITURE REPRODUCTIONS, INC.
A Division of Kimball International, Inc., 1600 Royal Street, Jasper, Indiana 47546 Phone 1-800-482-1616