

7 Vital Questions and Answers

For Independent Sales Reps

*What you absolutely must know before you
commit time to carrying a new line*

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Independent Sales Representatives

Whether you're just starting out in independent sales or if you're an experienced independent sales representative, you're probably always open to consideration of great new lines.

Lots of people will let you represent their products or services on a commission-only basis. This guide includes the 7 questions that I've found are the most important for finding the best lines that actually ***make money***.

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Question #

1

What niche does your offering fill?

Here's what to listen for in the answer:

(Who specifically is your product targeted toward?) The more specific the better. So if you hear, “Oh, everyone loves our product; men, women, kids, business owners...” You can just about be sure that this product is going to be lost in a sea of other products, and is a tough sell. A much much better answer is, “Our product is needed by every HVAC contractor in the Upper Midwest and New England. Because our product works better than anything else in in cold temperatures, HVAC contractors there love it. “ If you live in San Diego, it may be a great product, but not for your line card. But if you live in Cleveland, this may be just the product you need.

Question #

2

How are you different from your competitors?

Here's what to listen for in the answer:

This is called a USP; Unique Selling Proposition. What makes you stand out? If the company can't articulate this, move on. And by the way, if the answer is, "There is no competition," be super wary. That is often a euphemism for, "We haven't ever sold the product ourselves, so we don't really know." Even if the competitor is our old friend, Apathy, there is almost always a competitor. If there really isn't a competitor, then find out why. It's not an impossible truth...just a very unlikely one. Do your own research. Google can tell you plenty on this subject.

Question #

3

What is the sales cycle?

Here's what to listen for in the answer:

The sales cycle is the time from first meeting to completed business. For a street-corner vendor selling hot dogs, the sales cycle is about 6 seconds. For a medical rep selling \$7million gamma knives to hospitals, the cycle could be 5 years. You're an independent sales rep; you don't get paid until the deal is done. You need to know the sales cycle so you know what to expect. Generally, the longer the sales cycle, the higher your commission should be. If the company doesn't know the answer to the question, that means they haven't sold very much. Be very wary in that case. If it's a 24 month sales cycle, and you haven't make your first call, your going to go a long time without a paycheck.

Question #

4

What is the pricing for the product, the average order side, and what is my commission?

Here's what to listen for in the answer:

You need to know this obviously so you can see if the numbers make sense. Some reps get very concerned if their commission is too small a percent. Before you pass judgement, run your numbers. So for example, if the product sells for \$1000, and you make 20%, then you make \$200 at the sale. If the average order size is 'one', then each customer is worth about \$200 to you in commission. Alternatively, if the product sells for \$200, and you make 5%, (\$10 each), but the average order size is 100, then each customer is worth about \$1000 to you in commission. Know the whole story.

Be specifically very wary of the company that tells you some version of "We'll figure that out as we go along."

Know the whole story.

Question #

5

Is there a residual? What is it, and how long will I be paid the residual?

Here's what to listen for in the answer:

Residual is payment made for future orders, after the first order. So if you bring on client X, and client X generates \$500 in business this month, but next quarter client X generates \$5000 more in business, are you due commission on the sales for next quarter? Hint...if you're an independent sales rep, and if the line you are investigating has residual sales, then you should be offered residual commissions. Ask up front. Be especially wary if the COMPANY will receive a residual, but you don't. For example, if you are selling subscription software, then the company makes money each time the client pays for the subscription. Some companies terminate residual commissions after a period of time. Ask.

Question #

6

Is my territory exclusive?

Here's what to listen for in the answer:

This means, “Will I be the only sales rep in my territory or are there no assigned/protected territories; it’s a free-for-all?”

Here’s the usual trade-off: if you have an exclusive territory, and you are given commission on all orders generated in your territory, then you will probably be given sales quotas for the territory. That’s only reasonable if you are sitting on a territory where the company can not put another rep, as long as you are there. If there are no assigned sales territories, then there probably won’t be / can’t be sales quotas. In general (and there certainly are exceptions), companies with exclusive sales territories are better fits for great long-term sales opportunities. With an exclusive sales territory, the company is investing in YOU, by giving you exclusivity. That usually means they’ll be willing to work with you to achieve success.

With so much work being done virtually now, geographic territory assignments are less relevant in some cases. Even so, companies can assign other segments; by industry, by company size, etc.

Question #

7

Tell me about the other reps.

Here's what to listen for in the answer:

Be very specific in your questioning of the company about their relationship with other sales reps. Ask, "How many sales reps do you have now? Are they all independent? What commission is the most successful rep making? Of your xxxx number of current reps, how many earned commission last month? What was the average commission?" If the answers are things like, "Well, we are new, so we don't have that data," then you'll be pioneering the line. That's ok as long as you know what's in store. If you're pioneering, the commission should be much higher than if you're helping the company out of the starting gate. If the answer is, "Our current reps don't sell much." Then find out why. Spend the time to make sure the 'why' 'makes sense. If the company doesn't want to answer, then you already know what you need to know.