

# Agents in the Global Marketplace

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## **The Global Market:**

The current global marketplace is evolving greatly - And, it is increasingly important for all businesses to take a greater role in it. Though some businesses may now be prospering within their domestic marketplaces, the world is becoming a large single marketplace. And, almost all businesses are now seeing their own domestic markets becoming increasingly more competitive.

New trade agreements, the efficient communications via the Internet, land and mobile phones and the current situation with international monetary exchange rates are all contributing to the changes.

From a global perspective, there isn't any corner of the world not being effected by these changes. Even though the improved communications may benefit all, and the trade agreements may favor some, - The fluctuations in monetary exchange rates favor only those that are able to make changes to their marketing and sourcing methods.

For instance, at this moment of time it is increasingly difficult for European producers to competively sell in the US marketplace, whereas it's an opportune time for product and service providers in the U.S.A. to sell into the European marketplace.

Thus, it is now important for a businesses' in both of these markets to expand their activities globally, through some of the structures available to them. This includes attending or exhibiting in international trade shows - Either directly, through a trade association or participating in programs offered by various government agencies.

And though these programs can be quite practical to establish contacts, it is the participating businesses' responsibility to manage the subsequent business relationships. Thus, a business must have a method in place to expand and benefit from the business activities.

This can be accomplished by having their own employees /departments dedicated to the global business, opening their own offices in the countries where they will focus their activities, or use the services of agents. And, depending on the size of the business, there is the possibility that a company can use one of these methods, or even all of them.

## **Working With Agents:**

My focus in this article will be on what I think is the most practical way for a business to develop and maintain business in other geographic areas - And that is, working with agents.

The reason for this is that typically agents are experienced and diverse business people. Thus a good agent can save you and your staff much time and effort in the development and maintenance of business.

Most agents with international trade experience will have most, if not all, of the following benefits for a company:

- They are already familiar with a target marketplace
- Understanding the logistics of shipping internationally
- Experience with developing business contacts in the marketplace, or may already have a network
- Experience with properly presenting and following-up with (sale) offers or (purchase) inquiries.
- Ability to follow-up with production, ensuring proper quality control and conformance to shipping schedules
- Handling the daily inquiries and communications from suppliers or buyers, sorting out and economically conveying the information to the appropriate departments of your company.

## **How To Find A Reliable Agent:**

It's possible that your company may already be getting inquiries from agents, either offering products to you, or offering to sell or source products for you. And, with some exchange of information, your knowledge of business and proper referrals - You may find one or more of these agents to be suitable.

You can also get referrals (for a target country) from their foreign trade offices, the American Chambers of Commerce, local chambers of commerce, governmental agencies that promote exporting, industry associations and referrals from others.

## **Is It Necessary To Have An Agent In The Target Market?**

This depends on your needs and goals, while it also depends on the knowledge and ability of the agent.

It is always best to have an agent in the target market. Their presence there enables them to network within the market - Being up to date on that markets changes, visiting the

clients/suppliers and being in a better position to learn of, and understand, information about your competition (in that market).

On the other hand, there are many companies in your own area that could have a good knowledge of international trade and could have their own network of contacts (or associations) in the target market. The benefit of this type of agent is the fact that they may be able to open opportunities in several different markets for you - Thus, saving your company much work to develop in various geographic areas.

It is a good idea to look at both of these options, and weigh the benefits according to your needs.

### **Your Agreement With An Agent:**

Depending on your expectations, you can have an informal agreement and relatively passive relationship with an agent, in which you would provide them with the information of your product, or product needs, and compensate them according to an agreed upon fee, based on their success. Or, you can have a more formal agreement, giving them exclusivity in a geographic area, with a set schedule of compensation that could be based on their performance.

The relationship under any level of agreement should include their participation, on behalf of your company, in any trade shows in their geographic area, and may include compensation for their expenses.

Additionally, there should be an open and continuous line of communications on a regular basis, in which both you and the agent will exchange information on products, market conditions, inquiries and negotiations in process.

For an agent to be effective in their work for you, it is important that your company (and all departments) give the agent full support. This includes keeping them up to date on current product developments (or needs) and promptly responding to their requests for samples, pricing, product and logistical information. And, they should be promptly keeping you, and the various departments of your company, fully advised of all market information.

### **Retainers - Why They Are Important**

The most significant thing about having an agent on retainer is the fact that it is a very economical way to effectively have a dedicated employee. And, many knowledgeable businesses understand the importance of this correlation.

An agent has to contend with their own fixed and variable overhead costs. As any

business person knows, it takes money to sell. And, just as a business recognizes the importance of paying their own marketing and buying staff, it should recognize the same importance for its agents.

An agent is most effective when they can concentrate on developing business activity, rather than worrying about paying their overhead costs. And, it does not take much of a retainer to satisfy this need.

Even a nominal monthly retainer is an effective sign to the agent that the client company takes their interests into account, and the agent will reciprocate with commitment to that client company. And, the level of retainer can be based on the level of time the agent would be committing to that company.

Thus, if the agent is also representing other companies, a nominal retainer of \$200 per month could be sufficient. Whereas, if the understanding is that the agent is exclusively working for a company's product group, then a retainer of \$1,000 or more may be appropriate. And, the arrangement can be to either partially or completely offset any monthly retainer with commissions earned for the month.

Again, for any business, this is an economically favorable situation. Effectively, they would have a dedicated worker for a low annual cost.

### **Summary:**

Though there are many channels through which a company can participate in the global economy, working with reliable agents can be a practical and cost effective market tool.

I have been working as both an agent and principle in business. Quite frankly, I will not work as a sales agent without some retainer for any company unless their product is exceptional. And though almost all companies think that their products are exceptional, that is not always the case in today's global marketplace.

As I mentioned, for an agent to be most effective, they should be able to focus on their work. A represented company's participation in the agent's expenses contributes towards their success in selling or sourcing products.

In turn, an agent has the responsibility of focusing their attention to the needs of the company that they are representing. This includes constant vigilance towards expanding that company's opportunities for either new clients or sources that would best benefit them.

The most important thing for both parties is to have complete confidence in their relationship. And, this develops through mutual respect for each others work and needs.