



An express mail deliverer
in Chengdu City, China.
Photo: Dr. James Chan.

Using agents overseas

Before your agent can sell for you, sell your company and your products to your agent.

BY JAMES CHAN, PH.D.

If you are a small or midsize company that sees opportunities in foreign markets, the first and in many ways the most important step will be to find an agent or representative who works in the part of the world you want to target. Finding the right agent is not easy, and you should not assume that your work is done even after you hire someone.

Even your best employees need to be managed, and that goes double for agents and representatives who don't always understand your company's culture, approach, needs and mission. I have been helping U.S. manufacturers deal with their overseas representatives since 1981, and I've learned a few crucial lessons along the way.

Your agents are your most valuable overseas "customers." Their confidence in your firm is key to your success.

Most U.S. manufacturers understand that they need to sign up sales agents to help them export or conduct trade in global markets. But rarely do they realize that before an agent can sell for them, they need to sell the company and its strengths to their agents.

A good agent should feel confident that working for your firm is a ticket to prosperity. Consider the agent's perspective. If you don't believe in the product or service of a firm that you represent, will you be motivated to sell? Will you stay long if you don't believe in your client?

I once interviewed a bilingual mechanical engineer in Shanghai whom I was trying to recruit for a U.S. industrial product manufacturer. The engineer said to me: "I believe that your client only has three more years of business in China. This is because people in China will reverse engineer your products and sell much cheaper versions."

I appreciated his honesty. But his assessment made me realize that my first goal must be to show him why we had succeeded in opening the China market during the 17-year-period before his time. Still, it took years of working with him before he bought into the idea that my client had a future in China, and he had a future working for the company. In 2014, we celebrated his tenth anniversary representing us.

DON'T FOCUS ON COMMISSIONS

It is not easy to find a good agent. It is even harder to keep a good one. When things work, exporters should put even more emphasis in building and maintaining a good relationship

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with their overseas agents. It's understandable that when a company feels its business is taking off, it might be tempted to get rid of agents and move the selling in-house. Understandable—but often fatal.

A good agent who generates millions in export sales is the goose that lays the golden eggs. Some companies may become jealous of the large commissions that successful agents can bring in. U.S. managers who make good corporate salaries may wonder why their foreign agents make so much more money than they do, even though they are the “handlers.”

The wise manager should think twice. Until you know how things really work in a foreign marketplace—and you probably never will—don't kill the goose! Simply hiring a warm body won't work. Often an apparent expert is not the right choice either.

Businesses that are new to overseas markets often don't pay enough attention to the qualities in an overseas agent that they want and need. Most think that they want someone who speaks English, is college-educated and is knowledgeable in their industry. If you're looking for an agent in China to help you sell American-made geotextiles or geogrids, for example, it makes sense to think about hiring people who are in the geosynthetics discipline.

This logic, however, is potentially dangerous. In an environment where rule of law is at best shaky, an agent who is too closely aligned with your technology may simply be setting out to learn as much as he can about your business before he sets himself up as a competitor. His knowledge of your customer list makes you particularly vulnerable.

Once, while I was helping a client recruit an agent, I talked to one particularly shameless candidate. Even while being interviewed, he focused on how easily our product could be copied. He told me that I should convince my client to close down its American factory and outsource all its manufacturing. He was essentially proposing to take over the company!

Most agents are not quite so naked in their ambitions. Still, I am convinced that what you should look for is a bilingual agent who

has an aptitude to sell industrial products, but not necessarily exactly *your* products. The technology is yours, and it needs to stay yours. An agent needs to be someone who knows how to sell, and how to ask the right technological questions of your staff, not someone who is out to supplant you.

USE YOUR PHONE, NOT YOUR COMPUTER

There are many things, both business and personal, that require one-on-one explaining, rationalizing, negotiating, giving-and-taking in a non-threatening manner that builds interpersonal comfort. Your agent must understand both your products and your intentions. Deals often get hung up on small matters that each side feels, wrongly, that the other *must* understand.

Like everyone in business, I use email often, but it is rarely useful in making others understand the nuances of your situation or your point of view. That's why I resort to that antique tool, the telephone. In every annual client assignment I take on, I make an average of two phone calls each week, which means I talk with an agent 100 times each year, in addition to the thousands of emails I am copied on between the agent and the client's sales, design, engineering, production and shipping departments and the executive office. I scan the emails to pick the “toxic polyps” and use the telephone to forestall possible problems. It isn't a high-tech strategy. But the many telephone calls between me and the agent allow continuous goodwill and trust to grow. An agent once said to me on the phone: “James, I talk to you more often than I talk to my mother.” (That's because I didn't wait for him to call!). He made my client very successful in exporting American-made products to China. We enjoyed a relationship that lasted for 17 years. It's all about trust, a relationship that can be cultivated by constant contact and amicable conversations. ☺

James Chan, Ph.D., is founder of Asia Marketing and Management (AMM), an independent consultancy based in Philadelphia, Pa., that specializes in advising U.S. manufacturers and service firms in marketing American-made products to China and Asia. Dr. Chan founded his practice in 1983. For information, visit www.asiamarketingmanagement.com.



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