

Is the Grass Really Greener?



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If you find yourself asking this question in regards to your business, it may be time to begin looking to align with a partner. However, know if a move would be beneficial, it is essential that you ask several questions that you should ask of any potential business partners or company you are considering working for.

1. Is the company you are considering willing to provide at least the last two or three years of **financial records** to you for review?
 - a. If so, how do they look? There are a number of factors to consider, and these documents should be a clear indication of whether or not the company is in financial distress.
 - b. If not, ask to see a current Dun and Bradstreet report showing their credit rating and financial risk assessment which will be a good indicator of their financial stability and whether or not they are able to pay their bills on time.
2. What is the **history** of the company?
 - a. How long have they been around?
 - b. Are they established and known to be a reputable organization? It is important to consider the reputation of the company and one good indicator is the feedback you get from suppliers who work with them.
3. What is the **turnover rate** of salespeople, inside support staff and management?
 - a. Ask to speak to some of their veteran salespeople who have been with the company 10+ years and get their feedback on working with the company. Remember that loyalty among the existing employees and salespeople is very important and is a good indicator of their job satisfaction.
 - b. You may want to ask current salespeople you speak with whether or not there have been recent changes in their commission structures or compensation plans. Have things stayed the same or has the company made changes to the rules? These types of things can also be a sign of company financial instability.
4. How **flexible** is the company willing to be with the way you align your business with them?
 - a. Do they have options for you to be an employee or an independent corporation representing the company? This could have potential tax ramifications for you to consider.
 - b. If the company offers an employee option, are there benefits such as group health, dental and a 401 K plan? Are there other benefits you can take advantage of?
5. How do their salespeople get **paid**, specifically, is it commission, salary or a combination of the two?

- a. If commission-only, what is the percentage of the profit split (what would you get vs. what the company gets)?
 - b. When is the commission paid? Some options are when the order is written, when the order is invoiced to the customer, or when customer pays the order. This is important as it determines how long you need to wait to get paid after you make a sale.
6. Who determines **product pricing**?
- a. Does the company have profit guidelines in place?
 - b. How low can you go on price and profit percentage?
 - c. Can you set your own pricing?
 - d. What kind of pricing does the company get from suppliers? These are all factors that will impact your overall profitability.
7. Is there a **sales contract** or agreement that you are required to sign?
- a. If so, is there a non-compete provision?
 - b. Are there financial penalties imposed if you try to leave and stay in the industry selling to your existing accounts? You must ask these questions, as you don't want to be left without a solid exit strategy if things do not pan out as planned.
8. What happens if your **customer does not pay** the bill in 30, 60 or 90 days?
- a. What are you responsible for - the commissions, the profit, the supplier net cost? The answer to this question may cost you significant money over the course of a year or two.
9. What if you make a **mistake** on an order and it needs to be redone?
- a. What is your responsibility financially? This may be determined by who made the mistake – the supplier, the company, or you. It's important to know the company's policy on who pays for what and ultimately, how this will affect your income.
10. How would your **orders** get to the supplier?
- a. Is there a smooth, easy-to-use process with the ability to check on order status with a supplier? Is there even a system?
 - b. Do you receive reports on your sales orders and accounts?
11. What type of **sales support** is available to help you grow your business?
- a. Does the company assist with product research, overseas orders and quoting?
 - b. Does the company provide adequate and accurate credit and collection services that you can rely on?
 - c. What kind of customer service does the company provide?
 - d. Does the company assist you in working with suppliers and encourage you to have good working relationships with supplier reps?
12. Is the company up-to-par when it comes to **technology** tools? Advanced tech tools not only help you be more profitable, but they can be a time-saver as well.

- a. Are any self-service tools available for you?
 - b. Is the company using an online product research tool like ESP, Sage, some other service – or no service at all?
 - c. Does the company offer online artwork solutions?
13. Does the company emphasize and encourage **training and education**?
- a. Does the company have sales meetings?
 - b. What sales training is available?
14. Would you be eligible for company-sponsored **contests and incentives**?
15. What **marketing** tools does the company provide to you to help reach new customers and generate more business with your existing customers?
- a. Does the company create unique product catalogs or creative leave-behind pieces?
 - b. Will the company help you to proactively market using email?

Whenever considering making a major change in the way you do business, it's critically important to not only understand your own business model and goals, but you need to also thoroughly evaluate the company or companies you are considering moving your business to. The key is to ask questions before making the leap - not after - as the grass is not always greener on the other side of the fence.

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