

BECOMING A FREE AGENT

By Linda Richardson

How can an experienced sales professional get started as an independent-sales agent after a career as a direct employee? I have been selling technology to hospitals for 16 years. I would like to work for myself selling new innovations for companies that don't wish to manage a direct sales force.

-- B.J., Minneapolis

As Seen on



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Many people rush into career moves like the one you're looking to make because they're bored or unfulfilled with what they're currently doing. But it's much safer to thoroughly research the market and make detailed plans before ditching the safety net of steady income and benefits.

Before anything else, ask yourself an important question: Are you really cut out to be an entrepreneur? The most successful independent-sales representatives, just like any successful small-business owner, are self-motivated, enjoy handling the diverse tasks of being a one-person business, and willingly take a sizable financial risk, says Linda Richardson, a lecturer on sales at the University of Pennsylvania's Wharton School.

"He or she really has to have that burning entrepreneurial drive," Ms. Richardson adds.

The upshot to independence: You control your time, the products you sell and whom you work with. It's also getting easier to make decent money as an independent contractor because manufacturers are expected to increasingly cut overhead costs by outsourcing sales, according to the Bureau of Labor Statistics job outlook report. Independent sales reps in the medical-device industry typically earn 15% to 25% commission on their sales.

But leaving a direct-sales gig to become an independent rep can impose some limitations. Many manufacturers and wholesalers require their in-house sales staff to sign noncompete agreements, preventing them from leaving to work for competitors and selling to their customers. So your current customers may be off-limits to you, at least temporarily, if you've signed such agreement. Moreover, you may encounter conflicts of interest as a solo rep if you represent companies with product lines that overlap, Ms. Richardson says. So you'd need to choose the companies you represent carefully, building a diverse mix.

"The best way to gauge your prospects, and boost the chance of success, is to write a detailed business plan, just as anyone would starting a business from scratch," says Thomas O'Brien, a small-business consultant in Washington Township, N.J. The plan should include a clear vision of where you see yourself in three to five years, and involve good market analysis and some financial forecasting.

Developing a business plan gets you thinking about aspects you may not otherwise consider. Some questions to address: What kind of medical technologies will sell? How many product manufacturers are seeking independent-sales representatives in your area? How will you be trained about the technology so you can sell it effectively?

Some independent reps incorporate their businesses and in some cases you might have to buy liability insurance. Kevin Martis, a longtime orthopedic-industry salesman in New Jersey, worked independently for seven years. He returned to direct-sales management for a company in 2003, after two of the five firms he represented independently were sold to bigger firms -- a common problem for those who represent smaller firms, he says.

While working on his own, he discovered the trick to success was "constantly being out there looking for the hot product". He attended trade shows to meet with product manufacturers and view their goods, and chatted with doctors and buyers for hospitals about the types of products they were looking to buy. "They probably have the best feel of anybody of whether a product will be hot or not," he says.

Most independent reps in the industry represent three to six different companies, he says, though some make a killing just representing one really in-demand product.

Some Internet sites, such as salesandmarketingnetwork.com and RepHunter.com, also can make shopping for contract sales jobs much easier and give you an idea beforehand about whether jobs are available in your area.



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