

ISHN "FDO"
May 2008
By George J. Hayward

"Definition of Manufacturers' Representative, Agent & Broker" or, Who's Who?

Sometime ago, fellow Manufacturers' Representative, Jeff Fordham, CPMR, President, JDF Associates and I were discussing the differences between, Rep, Agent and Broker in North America.

Back at that time there was confusion as to what we were classified. Even the US Government's IRS had our tax id classification lumped into a distributor classification, possibly, causing some to become "random" audited.

Then, of course, there some slight differences through out the European Union.

It seemed to me, to sometime, clarify the differences, and there are significant differences:

In U.S. industrial commerce the following definitions for manufacturers' representative, agent and/or broker:

Manufacturers' Representative:

"An independent contractor, a natural person or legal entity, contracted, with continuing, but, very limited authority, if any, to obtain customers and/or orders for, and at times negotiate and conclude, the sale of goods or services for another legal entity, a company, or person(s), typically a manufacturer which is usually referred to as Principal. Typically, representing several, various, synergistic, non-competitive companies' products or services." (Such as a Manufacturers' Representative in the industrial safety market, representing various synergistic, but, not competitive, manufacturers, or Principals.)

Agent:

"A person or legal entity, formally authorized to negotiate and act on behalf of another". Typically, representing only one company. (Such as a Purchasing Agent's authority to purchase goods or services on behalf of his or her company.)

Broker:

"An independent contractor or legal entity who acts as an intermediary between a buyer and a seller. Typically, representing several (possibly competitive) companies, products and services." (Such as an insurance broker, representing several companies, handling various types of coverage).

Respectfully submitted by Mr. George J. Hayward

European Union definitions by IUCAB (International Union of Commercial Agents and Brokers www.IUCAB.org)

Commercial Agents:

"Commercial Agents are independent professional providers of field sales and marketing services to manufacturers of suppliers. They typically handle a portfolio of related but non-competitive product lines, working under a contractual arrangement within a defined geographic territory on an exclusive basis."

Brokers:

"Brokers perform similar intermediary functions as commercial agents without, however, being permanently under contract to certain business partners."

Their field of activity lies in those branches of commerce in which there is a lack of readily available market information for buyers and for sellers (e.g. raw material imports from overseas) and where neutral mediations and consultants are required."

Additionally, respectfully submitted

Know about it

George J. Hayward
United Sales Associates, President
MANA, Director, District 4
MANA, Manager of International Development
IUCAB, Vice President EXcom