

Outsourcing Your Sales Force: You Might Be Crazy As A Fox

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Outsourcing, often referred to as the most important management development of the decade, is based on the principal “if it isn’t your company’s core competency, then take the activity or business process and contract it out.” In his book “Strategic Outsourcing,” Maurice Greaver wrote, “It [outsourcing] is an indispensable tool for world-class companies, allowing them to improve their products and services, lower their costs, and enhance their flexibility.”

The Outsourcing Institute surveyed its membership to determine the Top 10 Reasons Companies Outsource. The results were:

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- Reduce and control operating costs
- Improve company focus
- Gain access to world-class capabilities
- Free internal resources for other purposes
- Resources are not available internally
- Accelerate reengineering benefits
- Function difficult to manage/out of control
- Make capital funds available
- Share risks
- Cash infusion

What is sales force outsourcing?

Sales outsourcing can refer simply to staffing sales positions from an outside company or outsourcing specific sales programs or campaigns. Traditionally, sales outsourcing has been used by companies that are expanding into new territories or internationally or who are developing a sales team around a new product or sales approach. With the growth of the Internet and the number of virtual or networked companies, total sales business process outsourcing is becoming an accepted and preferred practice.

When these companies are in the start-up phase, or ready to expand to the next level of corporate growth, they need to focus their resources and attention on their core product or service and not on developing sales processes and hiring a sales team. By outsourcing this business process, these companies can move at the speed of the Internet and leverage the core competency of the sales outsourcing company that already has these systems and processes in place. As an added benefit, these companies are getting the benefit of access to senior sales executives that they would not have been able to afford at their start-up stage. A real synergy begins to develop as you bring these talents together. This recipe for success is not limited to Internet start-ups; any new, small or even established business could potentially benefit from sales outsourcing.

What is Sales Business Process Outsourcing (BPO)?

Companies that are getting the biggest bang for their outsourcing dollar are moving to business process outsourcing (BPO), where they are outsourcing some or all of the sales process. Frank Casale, executive director of the Outsourcing Institute, stated, “Business process outsourcing’s real benefit is in the value it brings, and that’s not necessarily cost savings. Things such as time to market and support may not necessarily show up on a balance sheet, but can be critical to a company’s success.”

Most companies, 51 percent in a 1997 study, currently outsource one or more of the marketing functions such as advertising or public relations or telemarketing. When moving to BPO, a company needs to focus on specific business processes rather than functions. A good example of a business process is the sales conversion process—moving qualified leads from identification to sold accounts. By outsourcing the entire process, the results are quantifiable and measurable, which leads to better management and enhanced results using the outsourcing vendor’s world class capability in this area.

Tony Horwath, president of Sales Focus, Inc, a provider of sales force outsourcing to the IT industry, stated, “While many business owners are reluctant at first to outsource sales, the sales process is like any other business process.” He added, “We utilize our extensive contacts and experience within the IT marketplace that small and medium size companies cannot achieve through traditional organizational structures.

“Another added benefit of sales force outsourcing includes delivering a dedicated focused sales force to customers along with years of management experience, proven processes and industry contacts, at a fixed monthly expense, which allows companies to effectively manage their cost of sales.”

If it is not your core competency, then seriously consider outsourcing so you can focus your time and resources on your core company capabilities. It is extremely important that you find an outsourcing provider that not only understands your market but has had years of experience in the same industry. Sales BPO providers can be a very valuable asset to companies that are in high growth markets, changing their market direction or that need to expand to new geographies. People may think you are crazy, crazy like a fox.
