

4 Outsourcing Myths Every Executive Should Know

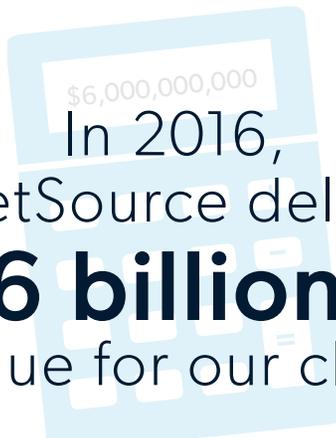


Why do companies outsource? According to Deloitte's 2016 Global Outsourcing Survey, they outsource to cut costs, enable core business functions, and solve capacity issues. The report states, "Leading practice organizations use outsourcing to drive transformational change and improve business results."

Over the past 35 years, we've engaged with organizations looking to elevate their sales revenue through the development of a customized, onshore, outsourced sales solution. Through this solution, sales teams are able to increase the number of sales touches and meaningful conversations, while reducing customer churn, to deliver more revenue. In 2016, we delivered \$6 billion in revenue for our clients. Regardless of these accomplishments, we inevitably have to address incorrect, preconceived notions of what outsourcing a sales team means and how it impacts an organization.

Wikipedia describes outsourcing as contracting out a business process, an operational process, or non-core functions to another party. It's a business that began a rapid expansion during the industrial revolution, as companies were looking to capitalize on growth and the changing environment. A great example of outsourcing success was the rise of ADP.

In 1949, Henry Taub visited a company where a key employee was unable to complete payroll and employees were not paid on time. After witnessing the impact this had on the organization, he saw the opportunity to provide a service that would work in partnership with clients to ensure payroll would be completed in a timely manner.

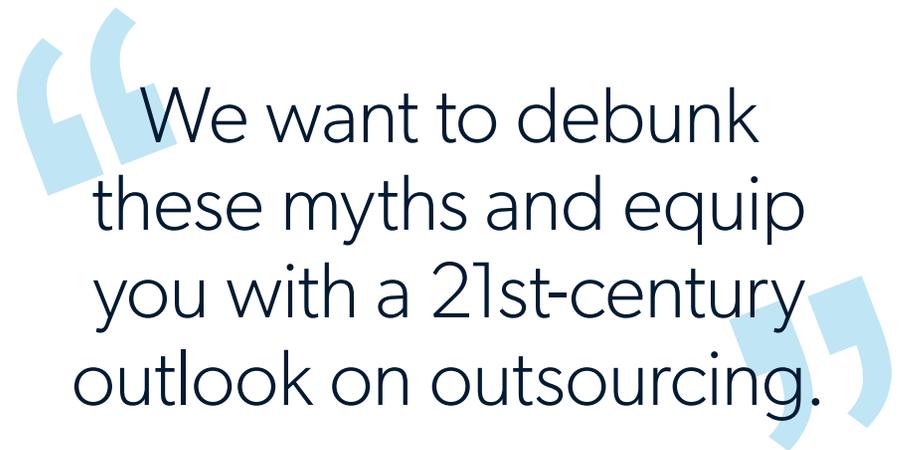


In 2016,
MarketSource delivered
\$6 billion in
revenue for our clients.

Today, ADP serves more than 650,000 companies in 125 countries to outsource and streamline their payroll, HR, tax, and benefits administration. The key to the company's growth is the ability for ADP and its clients to experience mutual success.

However, around the mid 1970s and 1980s, with so much manufacturing being outsourced to China and the inevitable closing of many U.S. companies, outsourcing developed a negative connotation. Although this is not how all outsourcing works, this general mindset eventually created myths regarding the popular business process. We want to debunk these myths and equip you with a 21st-century outlook on outsourcing. One that more closely aligns with the true spirit of the process—increasing flexibility and profits by focusing on core competencies and outsourcing functions to those who have the time and expertise to handle such solutions.

With onshore outsourcing, companies can connect with more consumers, leverage best-in-class technology, maximize sales expense, increase revenue, and deliver an ROI that Wall Street would envy.



We want to debunk these myths and equip you with a 21st-century outlook on outsourcing.

Myth #1: One Size Fits All

Many people use the word offshoring as a synonym for outsourcing. It's easy to see why as the workforce in India and Indonesia is nearly **2.5 billion** and receiving the majority of all offshore outsourced roles. While these roles do fall under the outsource umbrella, they are merely one type of outsourcing and not synonymous with the word. The bulk of these positions are within manufacturing and the IT services industries. The reality is that the strategy for outsourcing is defined by the area of focus and desired outcome. A "cookie cutter" approach cannot be applied to each endeavor. The strategy used to launch a new help desk would not be the same one used for launching a new segment of a sales team.

Famed professor and author, C.K. Prahalad suggests, "Executives are constrained not by resources, but by their imagination." While your main responsibility is to deliver on the sales forecasts and provide year-over-year growth, successful executive teams are able to keep the train on the tracks and not lose focus, while aiming their eyes to the sky for new areas that will deliver significant growth. Outsourcing part of your sales team provides an incubator-like approach to test, fail fast, and refine in areas that have historically been viewed as sacred, untouchable, and even uncharted.

Case in Point

Through the deployment of a domestic, outsourced sales team, a client was able to leverage customized dashboards and reporting systems, which provided the necessary transparency to make specific, in-market adjustments as needed. This customization allowed the sales team to produce **10 times the ROI** for their business segment.



Myth #2: No Control of Sales

One of the biggest misconceptions in outsourcing sales is that you're going to lose control, don't have a voice, or it's an "us vs. them" mentality. The reality is that when done properly, you may have a louder voice, have more control than you currently experience, and see an increase in sales across all segments of your business. For this to occur, you must have a clear line of sight into what area of your business needs an outsourced solution. In addition, your contract (preferably a statement of work) should define the focus and scope of the solution—along with the ability to pivot in a new direction, if needed.

One of the areas where many organizations struggle is with their ability to provide proper coverage to all their accounts. The Pareto principle (80/20 rule) applies not only to their sales revenue but also to how their sales team spends its time. It's hard to blame the sales reps for spending the majority of time with top accounts. If they're able to hit their sales quota this

way, what's the incentive to change? The miss in this strategy is that your ability to grow is limited to the needs of only 20% of your accounts.

When this occurs, a specialized, outsourced sales solution is a strategy that can be deployed to increase sales across the organization. The partnership would be based on segmenting the account

base to determine which accounts should be given to the outsourced team to manage and grow. Account segmentation allows the current team to spend more time with key accounts and leverage those relationships to have greater product penetration, while the outsourced team focuses on accounts historically low when it comes to spending and those not frequently engaged. The result is that sales

revenue increases in both segments, churn reduces, and top line growth can be achieved within a fairly short period of time.



Case in Point

A client lacked the appropriate resources to provide complete coverage to all of their channel partners, specifically a large portion of their SMB partners. Through a sophisticated sales outsourcing solution, the team was able to focus on a specific segment of the partner channel to deliver an increased average purchase volume of **three times the control group**.

Myth #3: Non-Sophisticated Sales Environment

We've all received those telemarketing calls where there's a delay from answering hello to actually connecting with the rep on the other end (auto-dialer technology), the person's accent gives them away (offshoring), and the background noise is deafening (massive call center). These annoyances shape the opinions of how people view the concept of inside sales teams. At its most basic of level, inside sales teams are viewed as less sophisticated, not as polished, and unable to close as effectively as their field sales counter parts. While this may have been true in years past, the combination of new sales enablement tools and changes within the buyer's journey have created an environment where inside sales is, in many ways, a more affordable and effective way to drive sales.

As the growth of inside sales continues to outpace field sales, the ability for organizations to implement inside sales has become more complex than ever before. It's a daunting task to evaluate the numerous customer relationship management, enablement, acceleration, and other Web-based sales tools needed to

stand up a successful inside sales team. For example, how long would it take your organization to evaluate, select, and implement just one new technology? Or, check out this eBook, *31 Inside Sales Must Haves*, to get a taste of the many steps and details involved.

Partnering with an outsourcing sales firm allows you the ability to institute best-in-class technology and reap its benefits immediately. Within our engagements, we're able to **recruit, hire, train, and deploy sales teams ranging from 5 to 500**

within 60 days—all equipped with a tool kit designed specifically for your industry, which enables the team to increase daily activity and monthly sales revenue.

Case in Point

Inside sales has grown in the last six years, **outpacing outside sales by 300%**. Through the deployment of best-in-class sales enablement technologies, inside sales departments are able to achieve higher quotas. When appropriately utilized, inside sales teams can **reduce the cost of sales by 40-90%**, relative to field sales, while maintaining or growing revenues. The result is producing larger sales teams that use a multi-channel sales approach to engage the customer quicker and reduce the time to close.



Myth #4: Reduction in Headcount

If you've seen the movie Office Space, you probably remember the scene where the Bobs sit down with Tom, a customer service rep, and ask, "What would you say you do here?" Tom replies that he deals with the customers so the engineers don't have to. He explains that he has people skills, and engineers are not good at dealing with customers.

While it's a humorous scene, there's definitely a bit of truth included as well. Tom believes the consultants are there to find a better way of doing business, which most likely means reducing headcount. Far too often, outsourcing is viewed in the same light, but that's not always the case. Onshore, outsourced sales teams have the ability to complement an organization's current sales team versus replace them—as so many assume. Throughout our tenure, the **vast majority of our partnerships have resulted in an increase in the headcount** of those engaging with the channel or consumer base. A sales outsourcing partner looks to elevate the client's sales revenue through a non-biased evaluation of the opportunity, and more often than not, this calls for the addition of sales roles versus a replacement or reduction.

Case in Point

A client launched a small team, initially tasked with cleaning and updating its inaccurate database. Next, account managers joined the team to improve customer satisfaction and create brand loyalty. A business development team was added next to generate leads for the client's field sales team. Finally, a management team was deployed to improve the service level for key partners—a key differentiator in the market. The larger, specialized team's successful integration with the client's field sales team enhanced productivity and efficiency and positively impacted the cost of customer acquisition. The increase in sales and reduction in customer churn **delivered more than \$40M in new revenue.**



Summary

In summary, the opportunity to outsource your sales and provide a meaningful impact to the bottom line is greater today than it's ever been. **According to the research firm MarketingSherpa, outsourced B2B lead generation is 43% more effective than in-house B2B lead generation.**

And while cost savings is a huge aspect, according to Deloitte's 2016 Global Outsourcing Survey findings, "Value is being achieved through the impact of innovation, ease of relationship management, and improved strategic flexibility, not just cost savings."

While it's not an overnight process (it can take up to 18 months for the new transition to be fully integrated internally and with the customer base), the key for you is to partner with an organization that aligns with your business needs, has a proven track record of delivering results, and takes the correct steps when launching a new organizational endeavor. Anything less could lead to undesired ROI, a deeper financial hole, and a poor experience for everyone involved.

