



Hire or Outsource: CFO's Guide to Calculating Sales Expense

Since the early days of the COVID-19 outbreak, the business landscape has changed drastically. Organizations that made rapid and significant changes to the ways in which they engage with prospects and customers have positioned themselves for continued growth through these ever-changing times and will be in a position to emerge stronger than before.

It's not too late for those who have not adapted, and there remain viable strategies for organizations to begin their transition to the next normal.

Some may want to take a conservative approach and not place big bets on reconfiguring people and technology until the dust settles and they have greater certainty about what the business landscape will look like in the future.

By that time, it may be too late, and competitors will have beat you to winning brand preference and market share gains. There is no doubt that the way in which brands engage in selling and servicing will become a competitive advantage starting right now.

Many companies will seek to rebuild the pipeline before justifying the return of salespeople. Doing so requires an investment in prospecting and lead generation to fill the funnel. Marketing can't do this alone, so having well-trained and productive omnichannel outbound lead gen is a must.

Full-service sales outsourcing is a way of mitigating the risk of swift action based on the current trends. Whether B2B or B2C, sales outsourcing provides a flexible opportunity to assess, design, and quickly implement in the new normal with the ability to swiftly pivot should the landscape change again. You can develop a strategy to optimize your sales expense and maximize your returns in this transitional environment by using high-value sales outsourcing, sometimes referred to as Business Process Outsourcing, or BPO. It often takes a CFO's vision to combine all the puzzle pieces and create a full picture of the value a sales BPO strategy can provide.

Company CFOs (or senior financial executives) have an enterprise-wide view of the financials and a clear view of the full-burdened cost of resources—including sellers and the return they provide—when analyzing sales expenses and those returns.

In many companies, senior leaders of operating departments, including sales leaders, don't always have the full view of resource expenses in their P&Ls. It may be limited to compensation, travel, entertainment, and general expenses.

When assessing the ROI on an expense, many sales leaders think exclusively about revenue returns. CFOs, on the other hand, think in terms of increased revenue, decreased expense, and/or expense avoidance.

There are two sides to this equation: the true expense side and the full return side. When analyzing the true expense, a CFO will include the applicable carrying expenses of an employee. These expenses will include both direct and indirect expenses, such as allocations of corporate overhead. From a sales leader's perspective, the department P&L carrying cost of a sales employee can be more than 26 percent of his or her base salary. Through the enterprise lens of the CFO, the true cost can be as much as three to five times the total compensation based on the size and complexity of the organization and its offerings.

This is important when comparing internal expense to the resource expense in a sales BPO model. On the return side, the CFO will look at committed revenue attainment as well as expense savings or expense avoidance opportunities to calculate the full return.

These expense considerations include:

- Risk and liability expense avoidance
- Recruiting and onboarding
- Re-recruiting to address attrition and turnover
- Sales training and product/solution/service training
- Technology and other sales enablement expense avoidance such as CRM, LMS, sales enablement, and other sales productivity technologies and their administration
- Reduced opportunity loss by increased speed to productivity and deployment flexibility
- Expense avoidance of new sales performance capabilities, including advanced coverage modeling and targeting, rich sales analytics, and formal continuous sales improvement

These risks and costs only increase when internally operating a flexible model in the new norm of prospect and customer engagement. Sales outsource providers can often quickly pivot people, process, and/or technology without increasing the risk or cost to the company – a key advantage to sales outsourcing.

The CFO will assess these key areas and many more. If you are the senior financial executive in your company, dig into the powerful financial performance opportunity that sales BPO offers as we all transform into what will be a very different next normal.

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