

Closing the sales skills gap with outsourcing

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Finance directors have been complaining for decades about the increasing cost of making a sale, and government statistics persistently show a significant skills gap in sales. Markets are more volatile, customers are increasing powerful, and new competitors are constantly emerging. The challenges of designing an effective sales function have never been more complex.

When functions become costly, difficult to resource or slow to change, organisations usually turn to outsourcing. The deployment of information and communications technology is an important aspect of organizational success, but the majority of companies outsource it. Meanwhile, according to a Deloitte global outsourcing report in 2012, only 11% of companies are outsourcing sales and marketing. The outsourcing of sales has been described as a dormant market.

Some sales activities are commonly outsourced. For example, Kraft used a leading contract sales organisation (CPM) for the launch of Tassimo coffee machines, and Reckitt Benckiser used CPM for a sales promotion campaign for Finish dishwasher tablets. In business to business sectors, there is a focus on lead generation and qualification, such as O2 using the telemarketing agency Great Guns. The Telemarketing Company (TTMC) state that since 2010, the leads they have generated for American Express have delivered £83 m in new business. Notably, companies are using third parties to access new geographical markets, such as Groupil's entry into the UK market with TTMC and Pixalert's entry into the North American market with Mansfield Sales Partners. Comments from the customers of the lead generation experts can include positive feedback about the quality of the calls made (e.g. Amita using Toucan). Some parts of a customer portfolio might be outsourced - Tennyson is a service provider with a focus on managing smaller customers for big brands, and cites one case of drastically reducing customer churn and generating new business of £12m.

If there are specialist sales agencies delivering great results, why not go further and outsource the whole sales function? In 2004, Japan's largest pharmaceutical company Takeda announced that it would outsource its UK sales function to market leading contract sales organisation

AshfieldIn2Focus, adopting a new model which would more closely align its sales organisation with the way the NHS was buying. They decided to deploy a limited number of regional account directors (RADs), with cross-functional teams, focused on building partnerships with NHS decision-making units. These posts were designed for the cream of the sales profession in the sector, strategic thinkers with a command of pharmacoeconomics who could connect with administrative as well as clinical decision-makers. This model has been sustained for ten years, suggesting that both brand owner and sales service provider have generated strategic benefit from it.

Despite the volatility of business activity in the past five years, the occurrence of sales outsourcing is still very low compared with other business processes. When talking to sales directors about this phenomenon, many perceive considerable risk in losing control of the customer experience. Contract sales organisations would argue that they can reduce risks for their clients because their quality management is as robust as their performance management.

A company can differentiate itself by the way it sells. Brand values are important, but they do not preclude using a variety of resourcing options from employed staff, interim staff, agents, resellers, contract sales organisations and even reciprocal selling with other companies. The use of telephone, the internet and Apps within the sales process are also part of this mix. Some sales service providers are very sophisticated in their understanding of the how customers buy and help their clients to innovate with use of technology and accessing skills in a way that improves the predictability of costs and flexibility to access new opportunities. It is a challenging decision to make, but outsourcing can open up new possibilities for growth.

Deloitte's respondents predicted a 24% increase in sales outsourcing. The number of sales outsourcing consultancies registered on freeindex.co.uk increased from 187 in February 2010 to 517 in July 2014, and the biggest brand in sales outsourcing reported delivering \$2.2 billion sales for clients in 2013. It's no tsunami, but the tide is turning. UK companies are starting to realise that there are some excellent service providers, and to explore their potential.

As featured in Raconteur's special report on Sales Performance in The Times on 17th September 2014