



Sales & Marketing Outsourcing to Gain Momentum in the Coming Years

High-end, business-critical sales and marketing outsourcing is becoming new revenue-generating model of business process outsourcing (BPO)

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We have all watched company after company, industry after industry, make decisions to outsource functions previously considered too proprietary or critical to ever trust with outsiders (IT, HR, Payroll, Customer Relationship Management (CRM) and such). So we shouldn't be surprised that sales and marketing is rapidly moving up the list of business processes now receiving that same consideration.

Sale and marketing outsourcing is fast gaining momentum, perhaps because of challenges resulting from the economic downturn, but more likely because business, competitive and specialization trends continue forcing companies to find ever more efficient, scalable and effective solutions to generating revenue.

In actual practice, sales and marketing outsourcing itself is not a new model. The outsourcing of sales-related telemarketing, a transactional, high volume activity, has been an established approach for decades. Likewise, many specialized marketing services have traditionally been outsourced, including advertising, branding, public relations, graphic design and marketing research.

Evolving Sales Outsourcing

Sales outsourcing today has evolved into three primary models, including inside sales, outside-transactional sales and more recently, outside-consultative sales. Most mature of these three approaches are the inside sales solutions delivered from contact or call center facilities. Leading providers of contact center sales include SITEL, Sykes, ICT, Hispanic Teleservices and Direct Connections International. Popular locations for the larger operations include the U.S., India, the Philippines, and Central / South America; regions where English or increasingly, Spanish language labor is plentiful. Most telesales providers offer in-bound and out-bound sales as well as other "phone plus computer" services such as lead generation, appointment setting, seminar or event registration, database updates and other similar.

Outside-transactional sales outsourcing, the second of the models, is very common within certain industries; particularly those offering lower complexity technology products, telecommunication services, consumer-oriented commodities like food products or clothing and many types of personal financial services. This model is very accepted in both Business to Consumer (B2C) and Business to Business (B2B) sales. It is also common as a channel-management solution where local promotional campaigns, and point of purchase design and implementation are necessary.

The third model, and latest evolution of sales and marketing outsourcing, is the concept of fully outsourcing the end-to-end function for revenue generation, including marketing. It is essentially a BPO approach to revenue responsibility and for many companies may represent the sales model for the future. An obvious driver behind full sales outsourcing is companies simply deciding that managing sales teams is not an organizational core competency, much like others have decided that

owning IT resources is not core. Another trend contributing to this scenario is one suggested by the authors of *Making The Number*, a book on sales benchmarking. They suggest that because of changing workforce demographics, particularly in the U.S., the labor supply of experienced high-end, career sales professionals and managers is not keeping up with the demand from the companies needing their skills. This demographic trend is expected to accelerate, and could be forcing companies to identify alternative approaches to managing revenue generation — and outsourcing even high-end sales is one such alternative.

Within the U.S., several firms offer this full-service model. Leaders include Marketstar, MarketSource, Harte-Hanks, Hawkeye and Next Level. Most providers in this space offer both inside and outside sales and cover the full sales life cycle from opportunity identification to closing and contracting. These full-service models also include tracking and reporting on the same key selling metrics a company would expect from its own sales organization, but without the expense of investing in a CRM tool, as that too comes with the outsourced model. These larger firms deliver across multiple geographies, support a wide variety of industries and work with SMB to Fortune 50 sized companies.

Many boutique solutions exist in this space as well, where firms with deep domain or other specialized knowledge focus on specific industry verticals or particular customer business models. 3forward, for example, is one such boutique model providing sales and marketing execution exclusively to IT and business-process outsourcers. They also have a unique specialization around emerging outsourcers wishing to open or grow sales in new markets. Service Leadership is another, whose specialty is assisting technology companies in targeting U.S. channel partners as sales agents for their products and services, then helping them establish relationships and demand programs.

Growing Marketing Outsourcing Needs

Outsourcing critical marketing responsibilities is the other part of this evolving outsourcing model, which can provide many advantages, particularly for small to midsize companies and startups lacking the resources to hire a full-time marketing officer. In fact, next to great offerings or truly unique solutions, marketing may be the most important (yet possibly most neglected) business enabler.

The venture capital firms and emerging business-investment community recognize this challenge, and are becoming major advocates of including specialists in marketing and sales strategies as part of their management oversight model. So to, as an article in India's Economic Times last September suggested, are many of India's emerging outsourcers and technology providers. These small and medium sized IT, software and technology outsourcing companies are now (or should consider) "... outsourcing some key marketing functions like making pitch documents, lead generation, power point presentations, and even reverse outsourcing (where they appoint a local agency to market their products and services in the U.S.)."

B2B branding and marketing firm The Delve Group, a leader in developing market differentiation strategies for outsourcing providers and leveraging their brands as a sales accelerator has observed this trend as well. Brenna Garratt, Delve's CEO shared that "up until two to three years ago companies would seek our specialized expertise to help define and articulate their brand and high-level marketing strategy, and then transition this new framework back to their sales and marketing teams. Today we are being asked not only to provide this valuable foundation but also to manage their go-to-market implementation. Senior leaders (as well as venture capital firms supporting their portfolio companies) realize our vantage point offers a wide-range of innovative and time tested approaches and that keeping us at the helm can fully maximize their sales and marketing effectiveness as well as provide efficiency and measureable results beyond what they could do on their own."

Crystal Ball Gazing

As a practice, sales and marketing outsourcing is not yet receiving the formal level of analysis afforded many other BPO solutions. None of the leading advisories or analyst firms identify it as an “official” BPO category on their sites, although many are now publishing papers and recommendations on emerging models and approaches. That sales and marketing outsourcing is here to stay is hard to challenge — even for the largest companies in the global marketplace, hiring, training and managing sales teams for all possible geographies and specializations can be a very expensive and cannot guarantee results. In marketing, it’s often a case of needing the right amount of experienced resource, at the right time, to be successful. For these and many other reasons, expect to see continued evolution of this latest BPO model. It may even be an approach to consider for your own organization!

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