

AN EFFICIENT ALTERNATIVE TO SALES OUTSOURCING

The benefits of a sales in-sourcing approach

In the current economic climate, many high-tech companies face the dilemma of generating growth and reducing costs at the same time. This problem is particularly serious when you decide to grow through international expansion. Sales outsourcing offers a practical solution to this issue, but it has some disadvantages. Enters the concept of *sales in-sourcing*, a twist to the traditional outsourcing approach.

Compared with hiring your own sales force, both sales outsourcing and in-sourcing present major benefits:

- **Lower costs** – Instead of spending scarce capital and vital senior management time to open overseas offices and recruit local staff, you engage sales representatives at a fraction of the cost of hiring full-time sales people.

To give you an idea of how economical such services are, you can enter new markets for as little as a €4,000 monthly fee per market, plus commission. Compare this to the generally accepted cost of €1,000,000 to find and equip an office and to recruit, train and put a sales team on the road.

Also, you incur no other costs for recruitment, legal, HR, social, facilities, IT, communication, etc.

- **Reduced risks** – Since you don't have to establish local subsidiaries, you don't need to deal with laws & regulations for hiring/firing local people, for filing/paying taxes, for health & safety, legal holidays, etc.

In addition, a flexible agreement with a 30-day termination clause minimizes risk and commitment.

- **Faster growth** – The sales representatives are usually available under short notice. They are trained and selling in 1-3 months vs. typically 6-12 months when hiring direct. And they generate first revenues within 6-9 months on average.

However, outsourcing can have some drawbacks. In 'traditional' outsourcing, the external organisation usually operates relatively independently from its client and applies its own policies and processes. After basic product training, its sales representatives work at arm's length from the client's organisation, without much contact with the home office team.

Benefits of the in-sourcing approach

In-sourcing offers more. Sales representatives are more effective when they are integrated into your own team as one of yours. By becoming part of your own organisation, they execute the strategies and tactics you define; they communicate with you at least once a week; they use business cards and email address of your company and they conform to your processes and administrative procedures.

As consequence, you know you can trust and rely on an international sales team to represent your company to its best advantage and to resolve local problems efficiently. And you can be confident that they know their market thoroughly and will report back to you all relevant market information.

In addition, while sales representatives are able to benefit from your expertise and experience, they also get support from the entire Sales Agency team that accumulates many years of sales, marketing and technical experience. In other words, you benefit from something very valuable: an *external point-of-view*. Working hard 'inside the box', you tend to have a somewhat distorted view of the realities out there and, especially in high-tech, an inclination to see mostly the product 'tree' in front of the market 'forest'.

A Sales Agency team offers a different perspective, literally, for they are out of the box, able to look at your company from outside in. As an example, during the initial phase of a collaboration, the agency team dialog with your team to assess your 'international readiness'. This analysis allows to identify gaps and missing items in your international strategies, programs and sales support materials, and to offer help to overcome these issues, leveraging the agency's extensive experience in international markets, channels and enterprise business.

Locally, in the countries you select for expansion, a good Sales Agency provides truly '*in-country*' sales professionals, i.e. native persons knowing perfectly the language, culture, traditions, laws and regulations. They have the contacts to rapidly establish distribution channels and key customers for your products and services. And they manage these accounts on your behalf, supported by our marketing team, to keep the sales moving. This typically allows you to hold cost of sales at less than 20% of the income from the country/region.

Additional advantages

As mentioned above, local representatives benefit from the agency management team's experience and creativity for channel selection and management, defining effective marketing strategies and tactics and product design and development. An agency can help you on these matters for a small fraction of the fees charged by large consultancies.

In short, with this approach, you can in-source the agency's sales and marketing experience, outsource most of the risks and costs associated with international expansion, start immediately and create a strong basis for future expansion.