



“We Can Do It Cheaper Inside!”

Smart Marketing Advice

from Dan McDade, president of PointClear

When selling outsourced, inside sales support, we run into a lot of the same objections over and over again:

- “Our business is different.”
- “No one outside will really get our technology.”
- “We can do it a lot cheaper inside.”
- “I don’t want telemarketers calling my prospects.”

We hear them almost every day.

The business models companies use to take their products to market have changed dramatically over the years. In the 50’s, everything was sold over-the-counter or belly-to-belly. A two-tier approach for technical solutions was not used to any large degree until the early ‘90’s.

Today, more sophisticated marketers use two- and three-tier, inside/outside and outsourced support models extensively. They find that a targeted direct marketing program, including outbound telemarketing, produces the lowest cost and highest quality leads of any other method.

For additional information, please see the PointClear article at www.pointclear.com entitled “How Much Should a Lead Cost.”

LET’S TAKE A LOOK AT THE OBJECTIONS AND DISPEL SOME MYTHS:

1. **Our business is different:** Sales is sales. Every business is a bit different. However, people buy things to solve business issues based on the solution fit, the reputation of the company selling the solution AND the effectiveness of the sales person. I have personally run programs where everything from a \$1,000 operating system to a \$10,000,000 solution was successfully supported by inside sales. In the early 90’s, many of my clients started out feeling strongly that “their business is different” and that “telemarketing would not work for them”. We proved them all wrong.
2. **No one outside “gets it”:** Most of the good sales people I know do not dream of becoming technical experts. If they get a buying signal in the form of a technical question, and they are talking to a buyer, they are likely to bring in a sales engineer. The sales skills required to effectively solve business issues for any solution can be documented and communicated for any company. No solution is that hard to “get”.
3. **We can do it a lot cheaper inside:** A fallacy. **See below:**

Cost Item	Inside	Outsourced
Hiring, Training, Retaining	\$6,348	
Salary	\$50,000	
Benefit Load (17%)	\$8,500	
Commissions (at 100% of plan)	\$20,000	
Management	\$4,387	
Administration	\$5,389	
Rent	\$3,750	
Computer Equipment and Software (year)	\$6,000	
Overhead (management and infrastructure)	\$12,700	
Phone equipment and long distance	\$3,205	
Total	\$120,279	
# Of hours worked per year	1,960	
Effective cost per hour	\$61	\$66
Theoretical Increase in Cost		8%

As you see on the table above, it appears less expensive to “do it inside”, until you take the following into account...

Hard Costs

1. Staff turnover and retraining costs are not factored into the “Inside” cost side.
2. Cost of training management to effectively manage the function not included on the “Inside” cost side.
3. Technology investment is under-estimated on the “Inside” calculation as nothing is included for ACD, eCRM and other software required on the “Inside” side of the comparison.

Soft Costs

1. Best practices are expensive and time consuming to uncover and implement.
2. Management turnover on the “Inside” side will be high.
3. Inside sales often defaults to decentralized, inefficient sales “administration”.
4. Objective of management and sales on the “Inside” side is to get out of the call center.

Too, in-sourced inside sales centers are notorious for their lack of productivity. Please see the table below for an example of typical Inside vs. Outsourced results:

(Assumes one person-year of effort in both cases)

Deliverable	Inside	Outsourced
A. Dials (per year)	9,800	24,500
B. Completed Contacts (1)	1,225	1,960
C. % Leads (short/long-term)	20%	20%
D. Number qualified leads (B*C)	245	392
E. % Closed	20%	20%
F. # Completed Deals	12.25	19.6
G. Average Deal	\$250,000	\$250,000
H. Total Revenue (F*G)	\$3,062,500	\$4,900,000
I. % Increase in Revenue		60%

(1) Outsourced includes more contacts and more dials per company.

Conservative: Ignores value of long-term leads produced.



4. *I do not want telemarketers calling my prospects:* This is my personal favorite. In fairness, our industry has created the image. It is hard to think about “telemarketing” without remembering a time when you have been interrupted at home by someone who sounds like they can barely read, much less carry on a two-way conversation. However, as with any business, there are specialists. And, just as you would not dream of building an electric plant outside your office building to generate your own power, you probably should not invest in an inside sales function to support your revenue objectives. Maintaining productivity, keeping turnover down as well as training and managing this function is a job that few people can, or want to do. I recommend, should you have this objection yourself, that you visit several technology focused, business-to-business, service firms including PointClear prior to writing off an outsourced approach. You are welcome here anytime!

OTHER REASONS TO OUTSOURCE:

A writer for ZDNet writes that one way to spot an effective manager is to examine his or her ability to delegate. Likewise, the writer states that one fast way to spot a fast-growth company is to see what, and how well, it delegates.

PricewaterhouseCoopers and the AEA report that seven out of ten fast-growth companies that outsource save money and enjoy higher revenue growth than counterparts that do not. Here are more benefits to outsourcing your inside sales support:

1. Access to world-class capabilities.
2. Increased control of quality and productivity.
3. Improved company focus.
4. Reduced operating costs.
5. Reduced risk.

Can you really do it less expensively inside? Probably not, and certainly not as well. For Smart Prospecting and Guaranteed Results, call PointClear.

We get it. We do it. We guarantee it!

