

## **Sales Staff: Hiring vs. Outsourcing - Which is Best for Your Business?**



The economy is booming. You need to expand however Revenue is down, and Competition is high. Now the big question is, do you continue with a full-time sales staff or outsource for a sales representative?

Control - That's what you get with a full-time employee. You recruit, train and manage the staff. You can supervise their work environment, hours, and production.

Unfortunately, control comes with a hefty price tag. Recruiting and training is a significant investment. Managing a full-time team also means the expense of benefits and HR management. It may be costly to hold on to exceptional talent, and legalities may make it impossible to dump the underachiever.

Sounds expensive and challenging to manage your own staff, so why do it?

Sales outsourcing is the strategy of using an outside agency to staff your sales department. You have an abundance of talent to choose from without the typical recruiting time and expense. With a contracted sales staff, significant overhead is transferred outside of the company and you have the option of a short-term commitment when the long-term is uncertain.

### **Which Strategy is Right**

The decision of hiring vs outsourcing sales really depends on your sales strategy, goals, what your customers want, and ultimately, the availability of the right sales resources. Either way, make the choice carefully as it will have an enormous impact on your results.

Independent sales representatives tend to be experienced and successful. They also tend to get better sales results than an in-house sales force might. Why? Because they usually have long and successful career backgrounds that include sales experience with large, national firms. This is really cool—it means that you are able to hire the best and most experienced sales pros in the business!

## Pros of having a Sales Representative

- Provides predictable sales costs: The representative agrees in advance on retainer ship & commission which remains the same for the life of the agreement in good times? or bad.
- Lower sales costs: What does the average direct sales employee cost a company? Let's add it up. Start with base pay. Now add the cost of automobile and travel expenses, insurance benefits, stock and profit-sharing plans, sick leave, vacation, holiday pay, and per diem expenses. Now add in payroll taxes, workers comp insurance, bonding fees, liability insurance, etc. The question is, what is he bringing back for you?
- Give immediate access to the market: With a local representative, you have an experienced sales team in the territory immediately. The agency people will be very familiar with the area and have a number of good prospects whom they feel would be ready to consider your product line.
- Provides a broader sales context for your product: Because he sells several related but non-competing product lines, the agent is in a position to expose you to a wider variety of prospects and customers.
- Independent sales agents typically have more sales experience than employees as they choose to become self-employed after many years of employment and hence provide a highly experienced, more aggressive sales force.
- Independent Reps Offer Longevity. Well-established representatives will be around forever. They aren't likely to disappear after a few hard months on the road as so many entry-level salespeople do.
- The risks are minimal, as reps work on nominal retainer ship + commission and don't get paid if they don't make sales.

## The Cons

- Companies usually have to offer a higher percentage commission than an employee would expect. This is due to the sales rep incurring their own expenses while developing new territories and also due to the fact they are providing companies with access to their hard-earned contacts
- Self-employed sales reps will rarely be willing to dedicate all of their time to one company as they represent multiple product and service lines.

## Key Considerations

Thus, with those pros & Cons in mind, let's take a look at some of the key questions that will influence your decision.

What is your budget?

Where are you already selling and/or looking to sell?

How strong is your competitive position in your target market?

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