Why IT Manufacturers Should Invest In Sales And Marketing

Sean O'Neil, Vice President, Vendere Partners

Whether you suspect you need to outsource a few or the majority of your sales functions, if you're a technology manufacturer, the time to make some forward-thinking decisions regarding your sales and marketing practices is now.

Much ado has been made of Hewlett Packard's first quarter 2012 results in recent weeks. The results, outlined in a February 2012 press release, revealed that the technology giant's revenue and GAAP diluted earnings per share had both gone down from the prior-year period.

Even more attention has been paid to Meg Whitman, chief executive of Hewlett Packard, and her hopeful response to mixed opinions regarding the results and what they mean.

In my opinion, Whitman has good reason to be hopeful. The US economy may still be in recovery, but the outlook is good, particularly for technology manufacturers.

At Vendere Partners, my team and I recently completed an analysis based on 100,000-plus sales conversations that we had on behalf our clients from Q3 2010 to Q1 2012. We concluded that purchasing interest in IT, which was highest in Q3 2010 and lowest in Q3 2011, began rising significantly in accordance with market trends and the overall economy in Q4 2011 and Q1 2012. While we still haven't reached the levels we reached in Q3 2010, it looks like we will get there.

Among the potential solutions to Hewlett Packard's problems, Whitman listed "upgrading our sales tools and systems to respond more quickly to customers and increasing the productivity of our sales force by rationalizing our go-to-market" as priorities. These priorities struck a chord with me, not only because I recognize that IT manufacturers that make the deliberate choice to invest in sales and marketing now will stand a much better chance of growing their businesses at faster rates, but because I recognize that that their investments could actually shorten the amount of time our country remains in economic recovery.

First Steps

You don't have to be part of a large corporation like Hewlett-Packard to improve your sales tools, systems, and sales force's productivity in a way that makes a positive impact on your business and on the economy. However, whether your company is large or small, you do have to take certain steps to ensure that a new sales and marketing initiative will be a success. These steps include:

- Assessing your current sales-related assets and strategies
- Evaluating your sales force's strengths and vulnerabilities, including:
    - Gaps in performance
    - Holes in sales funnel
    - Growth potential
    - Sales pipeline capacity
- Determining systems integration opportunities when it comes to:

    - Telesales
    - E-sales
    - Customer response management systems
- Determining best sales staff recruiting practices
- Establishing list-building and prospect-targeting guidelines
- Determining cold calling best practices
- Assessing sales presentations and anticipating future needs
- Determining sales best practices based on the current market, like companies, and competitors

Once you have clearly defined the areas in which your sales department is excelling and the areas in which improvements need to be made, you can better determine how to maximize assets, adjust operations, and implement new processes. You should also be able to determine which functions you should continue to perform in house and which tasks ought to be outsourced.

Insourcing Vs. Outsourcing

All manufacturers have to invest in lead generation to some degree. At the very least, large-scale lead generation engagements usually involve ongoing appointment setting, lead qualification and scoring, and participation in or hosting sales events. Whether your IT manufacturing outfit is big or small, you should invest in all of these things to varying degrees according to your company's pre-determined needs.

If your goal is to develop and grow members of your inside team into outside team members (i.e., traveling or roving salespeople), it is generally better to insource more heavily than you outsource. Insourcing allows you to groom your own people. It also makes sense to insource heavily if you already have a strong marketing team and tools to support an outside team in place.

Even with an extremely strong internal sales team, it can be in your best interest to outsource certain sales functions, particularly if performing those functions would make it difficult for your inside team to achieve its primary goal, which should to be to support your outside sales team. Often, sales managers make the mistake of charging inside team members with meeting hefty inside sales goals and supporting the outside sales team. If you do charge inside team members with meeting their own quotas of inside sales, make sales goals reasonable in order to allow them enough time to adequately support outside sales. It is generally recommended that inside sales teams sell lower-cost solutions.

It is very difficult to juggle managing and monitoring both inside and outside teams. Making sure that everyone understands which tasks are priorities, which people are responsible for completing what tasks when, and that all team members are meeting their sales and other goals is often more than even the most capable sales manager can handle. It is very easy for inside teams to become overburdened by inside sales tasks. When they do, everyone suffers.

In addition to becoming easily overburdened by inside sales tasks, inside sales teams can be set back significantly by events. Sales event management and event audience acquisition aren't jobs for your inside sales team. It is almost always smarter and more cost-effective to outsource the bulk of sales event-related tasks to a trusted third party.

Any time a sales function would overburden your team or be too time-consuming and resource-draining for you to manage, you should outsource it. Adding even one relatively simple sales function to your team's list can take 10 hours or more away from each individual on your team every week. If you don't have list resources, high-level customer relationship management processes, scripting experience, and vast marketing capabilities, nine times out of ten, outsourcing is going to be your best option.

Whether you suspect you need to outsource a few or the majority of your sales functions, if you're a technology manufacturer, the time to make some forward-thinking decisions regarding your sales and marketing practices is now. Like many B2B sales professionals who've worked within multiple industries for some time, I have seen other markets follow the lead of technology manufacturing when it comes to sales efforts and results. If technology manufacturers today begin to take more calculated risks when it comes to sales and marketing, I believe that other markets will follow their lead, and that the trickle-down effects will benefit us all.

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