

Friday, October 12, 2007

How To

Hire a sales agency

Hiring an outside sales agency can help save salary costs, but make sure the firm understands your product and your market

Charlotte Business Journal - by Bea Quirk Contributing writer

You've got a good product and the capacity to produce it.

The problem is you don't have the time -- or the personality -- to get out there and sell it.

And you're hesitant about hiring a sales staff because of the costs of salaries and benefits, regardless of sales levels.

The solution? Outsource your sales to an agency.

"A sales agency is an expert who already has relationships and knows the customer base, so can take you to market faster," says Wayne Davis, president of Cornelius-based Quality Sales & Marketing, a food-service broker that serves the Carolinas.

Sales agencies are paid a commission based on the value of sales, so your costs depend on how much business you do. "You're not investing money upfront in salespeople, and the agency picks up all the overhead costs of salaries, benefits, expense accounts and cars," Davis says.

Says Beth Wallace, owner of OpenDoorsOnline.Biz in Charlotte: "Business owners are so busy managing what their companies do, they often don't have time to make sure their marketing pipeline is full." Her telemarketing company specializes in making cold calls for clients.



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Hiring a sales agency allows company owners to focus on running their business, says Beth Wallace, owner of OpenDoorsOnline.Biz.

But you need to make sure the agency is a good fit. Find out how well it knows your industry and customer base, if it specializes in certain market segments, what geographic area it covers and the size of its sales force. Then ask about the sales reps' experience and longevity. A high turnover rate can impede sales. Davis suggests asking about the reps' knowledge of your industry and whether they have a related degree.

Ted Conder, co-founder of Charlotte-based Sales Force Inc., says it's also important to ask what other firms a sales agency represents. "You want someone who offers like products and who can get in front of big customers, but you don't want them representing a line that conflicts with yours."

Don't forget to ask about the agency's support staff. "The administrative and back-of-the-house functions are also vital," Davis says. That includes getting a clear understanding of who is responsible if a problem arises with an order and clarifying the line of communication when it occurs.

Some agencies will ask for exclusive rights to represent your products, while others will let you use their sales force to augment your in-house team. If that's an issue for you, ask about it, Conder says.

You may also be able to negotiate the commission rate. Conder says it can range from about 1% to 10% and is typically less than 5%. "Know what rate is affordable for you."

If your company is a startup, an agency may ask for a minimum commission fee, either monthly or annually. That, too, can be negotiated.

Remember that an agency is also deciding whether to take you on as a client, so get your ducks in a row before approaching one. "We'll see if you are financially sound, and we may look at your facilities to make sure you have the production and warehouse capacity," Conder says. "You can't sell from an empty wagon, and we have to be able to confidently tell our customers that you can supply them."

He adds, however, that if a company is still in the startup stage, an agency may consider representing it if there is a good business plan in place or if the company owns a patent.

To find a sales agency, Conder suggests visiting trade shows, searching the Internet and asking your customers.