

Outsourcing Sales: If You Are Considering It, Can Your Organization Handle It?

Tips for evaluating potential partners. BY JIM ELLIOTT

TODAY, OUTSOURCING AD SALES is getting to be more prevalent. Heads of magazine companies are running out of options due to constant or rising sales expenses combined with lower revenues. To many, outsourcing all or some of the sales function may seem an unacceptable option, but it doesn't have to be viewed that way. Publishers have lots of different choices and ways in which they can structure their arrangements.



"THE BIGGEST SINGLE THING THAT A PUBLISHER CAN DO TO ASSURE FAILURE IS TO OUTSOURCE EXPENSE WITHOUT ANY REAL COMMITMENT TO OUTSOURCING THE WHOLE PROCESS WHETHER REGIONALLY OR NATIONALLY."

JIM ELLIOTT | PRESIDENT
JAMES G. ELLIOTT CO.

When a publisher outsources sales, there has to be a clear understanding of what choices exist. One size doesn't fit all situations. Too often, decisions are based on former relationships.

There are two major factors that any publishing organization should consider before outsourcing their advertising

sales. The first is whether or not the publisher can, in fact, sustain and nurture an ongoing independent relationship. The second is whether the rep firm selected can meet the needs of the publisher.

Are You Ready To Outsource?

The following are some things to examine before initiating a search for an outsourcing partner:

- Are ALL of the key players willing to work with an outsourced sales operation? It will be difficult if a middle manager, who wants his own sales staff, is forced to manage something he doesn't want.
- Are there hidden agendas that conflict with the outsourcing model?
- Is senior management willing to monitor this process and be accessible if problems arise?
- Is the publisher willing to accept a different work culture?
- Are all the real costs included in evaluating a direct sales operation?
- Have the expectations been clearly defined from both a strategic and tactical standpoint?

From my perspective, the biggest single thing that a publisher can do to assure failure is to outsource expense without any real commitment to outsourcing the whole process whether regionally or nationally.

Choosing Your Outsourcing Partner

After the decision to go ahead with a rep firm has been made, the selection process begins. Now to figure out which firms can meet a publisher's needs. The questions of big vs. small, national vs. regional, process-oriented vs. free-wheeling, vertical vs. horizontal and experience in electronic media all must come into play.

The question of big vs. small is interesting. Bigger firms tend to be more systems-oriented and have their own culture. They also tend to have much better databases and the ability to leverage existing business.

With smaller firms, the owner may personally sell the property. Sometimes, if a smaller firm does not have growth plans, the whole operation can be identified with a particular publisher.

Some publishers may need national independent representation, others regional. National firms can provide centralized billing, strategy, management, research and some marketing continuity. But if an organization retains an ad manager who also wants or needs control, then a big company may not be a good option.

Some firms are vertically-oriented, meaning that they will assign magazines to salespeople, limiting the number of titles each salesperson handles. Horizontally organized firms assign a territory to each salesperson, and expect that salesperson to sell all of the firm's titles. For mature magazines with a limited number of accounts, this model is certainly appropriate. Vertically organized firms assign properties to sellers often exclusively. This model may be more suitable for more robust multi-media offerings or organizations used to the direct model.

A complete checklist of items to consider in hiring an independent sales organization can be found in the April 2008 issue of FOLIO: and on our Web site. The address is <http://www.jamesgelliott.com/news.html>. ☐

Jim Elliott is president of James G. Elliott Co., Inc., an independent media sales firm which includes marketing and research services. He can be reached at jelliott@jamesgelliott.com.