

CAN OUTSOURCED
NEW BUSINESS DEVELOPMENT
HELP YOUR AGENCY?



INTRODUCTION

We developed this booklet to help agencies like yours understand when, how, and if outsourced new business support can help. Most agencies, at some point in time, could benefit from an infusion of outside support to help them generate new business. That may take the form of consulting to fine-tune the agency's positioning; building the infrastructure necessary for new business success; outsourced prospecting and lead generation; or providing sales training and coaching to prepare in-house new business professionals for success in their role.

The need for agency new business services has exploded due to industry changes that have created more competition than ever before for smaller pieces of agency business. Meanwhile, competent new business professionals who have a record of success in the agency environment are hard to find. Even if you are lucky enough to find one, most of them don't last two years¹—which isn't much longer than it takes to hire, onboard, and get them ramped-up to sell a service with a long sales cycle. Instead of bringing in the new business revenue you expect, you may end up with significant expense and little ROI. That's when it makes sense to consider your alternatives.

I hope you find this information helpful, and I invite you to contact me with any questions.

Sincerely,

Mark



Mark Duval
Founder & President
The Duval Partnership
Mark@DuvalPartnership.com
(212) 496-3922

¹ According to a 2014 study of over 300 senior level marketers and marketing agency executives by Mirren/RSW.

About the Duval Partnership

The Duval Partnership works exclusively with agencies to design and implement customized, strategic sales solutions to help them acquire new business.

Our services include:

- Agency Audit & Diagnostic
- Outsourced Prospecting & Lead Generation
- Sales Training & Coaching
- Inbound/Outbound Program

We also offer:

- Support for New Business Director Hiring & Onboarding
- Virtual Management & Coaching for New Business Directors

Because we work exclusively with agencies, we understand what is going on within the industry. We take the expertise we have acquired through working with many agency clients and apply it to your firm's specific goals and needs.

WHY OUTSOURCE YOUR BUSINESS DEVELOPMENT?

Shorter Path to ROI

Outsourcing new business functions can save your agency time and money. Expert sales organizations have done this many times before, and can easily cut your start up time in half (compared to doing everything in-house). When you outsource, you typically see results much sooner.

Avoid Costs of In-House Sales Tools

Some agencies are not ready to invest in costly custom databases and CRMs. An outsourced solution can allow you to avoid the time and expense of developing and implementing these must-have sales tools in-house, as the outsourced sales team can provide their own.

Build Long-Term Sales Infrastructure

If your agency lacks the infrastructure required for new business success, an outsourced new business team can build you a custom sales and marketing platform and develop a roadmap for your new business. The new business plan will be used by the provider during engagement, and afterwards, will pass to your agency, providing a foundation for long-term sales and marketing success. These tools will also leave you better prepared to hire a full time in-house New Business Director.

Avoid Hiring Risks

When you hire a New Business Director, there is great risk of mis-hiring — often by inadequately vetting candidates for the right qualities in the hiring process, or hiring from a shallow pool. Because the hiring process and subsequent onboarding and ramp-up periods are so long, your agency may incur great expense over the course of a year (or more!) before realizing any return on your investment. At that point, you may finally discover this person can't perform the tasks they were hired for. Alternatively, they may perform but move to a competitor agency before you can recoup your investment. Then you have to start the entire process over from the beginning.

When you outsource new business, you rely on an entire company, not just one individual. New business organizations can offer a significantly reduced waiting period to see ROI compared to hiring an individual.

SHOULD YOU OUTSOURCE? FIVE QUESTIONS

1. Is your agency new business flat—or down—over a 24-month period?

If so, something needs to change. Whether that means starting a new business program or providing added firepower to your existing staff, outsourcing your new business is a sustainable solution to protect and grow your agency.

2. Have you had more than two new business hires come and go in the past five years?

All of that hiring, onboarding, training, and transition is costly. Within this short time, it is unlikely you have seen a return on your investment. If you can't shake your high turnover rate, outsourcing can be a more cost-effective solution.

3. Are you in a smaller market where sales talent is harder to find?

Even in larger markets, it is difficult to locate candidates who are able and willing to sell in an agency environment. In a smaller or mid-sized market, outsourced business development offers a sensible alternative to the challenges of trying to find the right talent in a small candidate pool.

4. Do you have the infrastructure to support a New Business Director?

If you do not have adequate tools (CRM, marketing automation, database, effective website, agency differentiation and positioning, defined sales process, etc.) it will be challenging for a New Business Director to succeed. If your agency lacks people to assist with marketing-side lead generation or account support as new business is closed, your New Business Director will have little time left to prospect and develop new business. A sustainable in-house new business effort requires sufficient infrastructure and support staff to allow for growth. When absent, outsourcing can provide temporary relief as you build out your infrastructure.

5. Are you risk adverse?

If you would rather not risk the poor odds of sales hiring and waiting for someone to *hopefully* perform, you can secure a much greater chance of ROI with outsourced new business development. Outsourcing translates to lower costs and reduced ramp up time (less risk, faster rewards) compared to hiring an in-house business development person.

OUTSOURCE OR HIRE SOMEONE? COMPARE TIME AND COSTS

Once you identify a need for new business development, there are two paths you can take. Here, we compare them:

HIRING A NEW BUSINESS PERSON	Est. TIME	Est. \$
Place an ad and wait for responses.	2 mos. +/-	+/- \$3,000, plus internal time and labor costs
Sift through responses and conduct interviews.	2 mos. ³ +/-	Internal time and labor costs
Extend employment offer and negotiate contract.	2 weeks +/-	\$75-150K salary, plus \$22-45K in benefits ⁴
Acclimate your new hire to agency culture, people, and other onboarding activities for their new role.	30-60 days +/-	Internal time and labor cost
Wait period as they ramp up and build relationships, working prospects through the sales cycle to close. Results vary greatly depending on quality of hire.	1 year +/-	Additional salary costs as hire edges past one year
Outcome: If the right person was hired, and adequate infrastructure, resources, methodology and positioning are in place to support them, you may see closed business in this period. Keep in mind, the odds of hiring correctly for sales are poor. ⁵	Delivery time: Approx. 18 mos.	Total cost: \$146-\$293K ⁶ in salary and benefits, plus internal time & labor costs. In the event of a mis-hire, the cost jumps to \$225K-\$900K. ⁷

OUTSOURCING NEW BUSINESS	Est. TIME	Est. \$
Research and compare providers.	1-2 months +/-	Internal time and labor cost
Select your partner and negotiate contract.	1-2 weeks +/-	\$60-85K annual contract with a 30-day out
Onboard outsourcing partner, establish program KPIs and goals. Program implementation begins.	No more than 30 days	Internal time and labor costs
Partner applies deep industry knowledge and experience to secure agency new business. In this period, you typically get 5-8 qualified meetings.	Within first 6 months	No additional cost
Outcome: You get qualified meetings with relevant prospects, often resulting in closed business to grow your agency's revenue.	Delivery time: 9-18 months	Total cost: \$60K-\$127.5K, plus internal time & labor cost

**Though we've tried to represent the actual costs as accurately as possible, there is not equivalent data available for each component of this chart. The outsourcing side reflects our own experience and not necessarily all outsourced providers as a group, whereas the hiring side of the chart does not assume the new hire will perform, based on the high risk of mis-hiring, which is supported by multiple sources.*

³ The Dice-DFH [Vacancy Duration Measure](#) found employers take 25-58 working days to fill positions, or 5-12 weeks.

⁴ Total costs for salary, employment tax, benefits are roughly 1.24-4x base salary, per [Joe Hadzima, MIT](#).

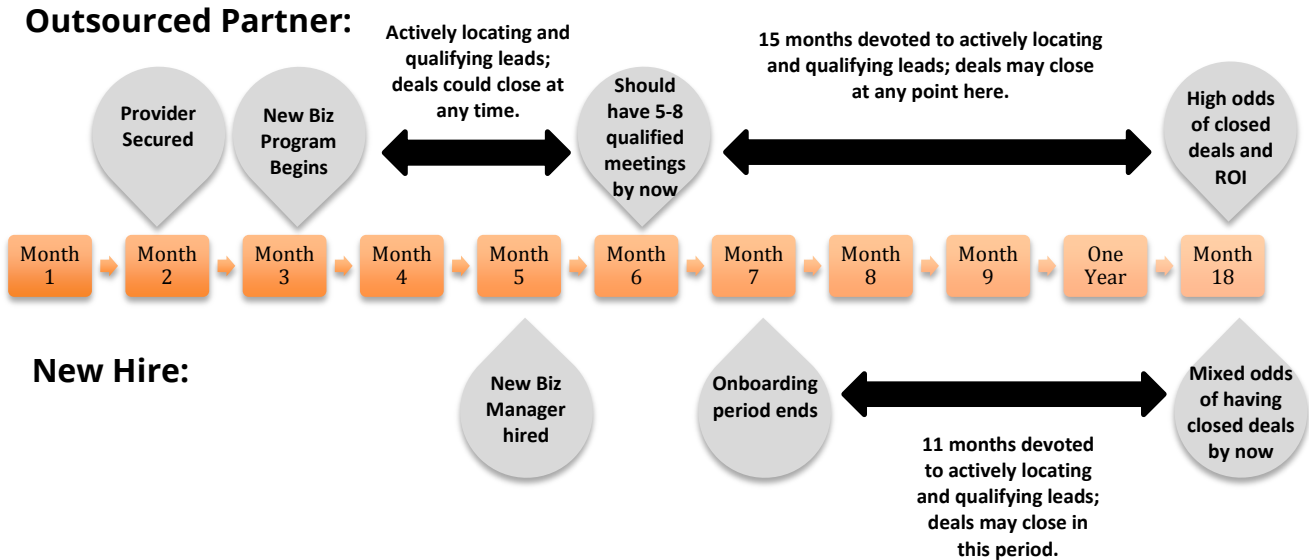
⁵ [Gallup](#) found "even among the best organizations we studied, it was not unusual to find 35% [of salespeople] consistently in the bottom half of the rankings [for the "talents necessary to be consistently successful in their jobs.]"

⁶ \$75K + \$22K = \$97K x 1.5 year = \$145,500 and \$150K + \$45K = \$195K x 1.5 year = \$292,500.

⁷ If a mis-hire occurred, missed opportunities and termination expenses raise the total cost exponentially. Dr. Brad Smart of [Topgrading](#) has done studies pegging the average cost of a sales mis-hire at as much as six times their base salary; others have said its closer to 3-4 times base salary. Our low range is 3x \$75K; our high is 6x \$150K.

Why is Outsourcing a Faster Path to Closed Business?

Compare the path to closed business via an outsourced partner against that of a new hire, along an 18-month timeline starting from the time you identify a need for new business assistance.



How Many Deals Must You Close to Recoup Your Investment?

Using \$200K as a placeholder for the average value of a closed deal, how many deals must you close in 18 months to break even on your new business costs?

	Outsourced New Business	Hiring a New Business Manager
Cost at 18 months	\$90K-\$127.5K, plus internal time & labor cost.	\$146-\$293K, plus internal time & labor costs.
Deals needed to break even	Just one (plus a profit of \$72K-\$110K).	One to two (with a maximum profit of \$54K on the first deal).
Odds of breaking even at 18 months	High, when you choose a partner who is experienced in your industry and your leadership team is committed to the process.	Lower, due to the risk of mis-hiring, the likelihood that they will be gone in 18 months, the four months less time devoted to lead development, and the likelihood that they will be pulled onto other tasks that take away from their business development time.

Substitute your agency's average value for a closed engagement and your actual New Business Manager salary costs to get a more accurate comparison.

ADDITIONAL QUESTIONS TO CONSIDER:

1. Do you or someone on your staff have the appropriate sales or sales management experience to manage a full time New Business Director?

If not, outsourcing the management role can allow your in-house New Business Director to reach their potential and shine in their role. Outsourced new business management services may be delivered in-person or virtually, and can include training, coaching, development and accountability to stay on track with goals and help secure your investment.

2. If you currently have a New Business Director, have you established weekly/monthly activity levels and new business benchmarks? Are these goals being achieved?

If the answer to either of these questions is no, outsourcing your new business management may help your New Business Director perform.

3. Do you have a steady stream of applicants? Are you constantly interviewing?

If the answer is no and you wait until the moment you need to hire, you will likely be faced with a small pool of candidates who do not represent the most capable and competent in their field. This will lead to a less valuable hire with lower ROI. If you don't have the resources to recruit and interview on an ongoing basis, you are more likely to make a costly hiring mistake. In this situation, you should consider the less risky path of outsourcing your new business.

4. Have you identified what type of salesperson you need (hunter vs. farmer)?

If you don't know what functions your agency needs a New Business Director to perform, you can't hire for those functions and are more likely to end up with a mis-hire. In this case, hiring someone in-house would be riskier than an outsourced solution that can help you identify your agency needs and deliver accordingly.

5. If you are hiring a New Business Director, how much time do you anticipate between starting the process and hiring?

Hiring someone in-house is a long-term investment. To hire a good salesperson, you should plan on six months just to make a solid hire. Ramping up, including onboarding and pipeline development, will take additional time. For agency services with long sales cycles, it may be a minimum of one year before a good salesperson is able to close new business and generate some revenue. If that is inconsistent with your needs, consider an outsourced solution, which quite often provides a faster path to ROI.

6. What is your hiring process for an in-house New Business Director?

If you lack a strong hiring process, you are more likely to make a hiring mistake. For example:

- a. Do you have a list of interview questions designed to reveal sales ability?
- b. Do you know how to recognize good vs. bad answers and follow up with additional questions?
- c. Is there an experienced salesperson involved in your hiring process?
- d. Do you use an online assessment to vet applicants and evaluate key sales skills?

If the answer to any of these is “no,” you should consider tapping an outside new business expert to assist you in making a strong hiring decision.

Outsourcing Tip:

Identify a new business partner that specializes within your industry. This will reduce your startup time and help ensure the prospects you pursue are better qualified.

CAN OUTSOURCING HELP YOUR AGENCY?

Here are some circumstances when outsourcing may not offer the best solution for your agency.

- For very small agencies, outsourcing may be cost prohibitive.
- If your agency's executive leadership team is not committed to outsourcing and being involved in the process then it will be unlikely to yield results.
- Outsourcing works best when approached as a collaborative relationship, with seamless integration between your agency and your outsourced partner. Are you ready to view your new business partner as an extension of your team? If you view your partner as a vendor to whom you will hand your new business off to and be done with it, outsourcing is probably not a good fit for your agency.

IS OUTSOURCING A MAGICAL QUICK FIX?

No, and you should be wary about promises of many meetings and leads in a short period. Some firms act like telemarketers, and focus on quantity over quality. Though the numbers may sound tempting, stay focused on the best long-term sales strategy for your agency's growth. How do you want your agency represented? What kind of new business makes sense for your agency to close? Focusing on qualified opportunities rather than bulk leads will help manage expectations and prevent wasted time, pointless meetings, and lost revenue.

WHAT HAPPENS WHEN WE ARE DONE OUTSOURCING?

You should have a contingency plan to continue your new business development after you stop working with your outsourced partner. When outsourcing stops, new business should not. Your agency should continue using and building on the processes and tools put in place with the outsourced partner. Usually, that means hiring someone while still engaged with your outsourced partner so the transition is seamless.

For success when you outsource new business:

COMMIT • PARTNER • BE STRATEGIC • THINK LONG TERM

We hope this booklet helps clarify the benefits of outsourced new business for your agency. Should you need further information, please [reach out to us](#) with your questions.

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CONTACT US:

The Duval Partnership
212.496.3922
19 West 68th St.
New York, NY 10023
www.DuvalPartnership.com
sales@duvalpartnership.com