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Sales Force Leasing: A Cost-Cutter in the Distribution Sector

The tough international pressure and competition dictating today's beverage industry is forcing companies to fundamentally revise and re-engineer their business processes in an attempt to improve performance.

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Such re-engineering calls for leaving behind certain structures even if they have become dear, in order to search for more cost-effective, less risky, and above all, more efficient solutions. Transforming fixed costs into variable costs, while at the same time reducing employment law problems by using a leased sales force, is a secure approach for the achievement of more efficient processes.

For many companies it has long been common practice to outsource individual business processes. Today, many reputable and highly effective temporary employment agencies are offering solutions to a wide variety of sales tasks. They lease out highly qualified sales representatives who must constantly prove themselves during both short-term and long-term assignments.

Definite advantages

The advantages of a leased sales force are obvious: it can serve as a tactical reserve for both occasional and regu-

lar sales tasks or as the strategically integral part of a long-term overall marketing concept. The difference between a leased and a salaried sales force lies in the flexibility of the location, duration and extent of an assignment. Apart from that, low costs are also a major argument in favor of a leased sales force. Leased agents are not usually meant to replace a company's own sales force but rather to supplement it. Even after a short period of time, businesses using a leased sales force find that both their salaried and leased forces can learn from each other, overcome any reservations they may have and get on well with one another.

Requirements profile and possible applications

The external agents' qualifications tend to cover the complete hierarchy of sales requirements, from those of a traveling merchandiser placing orders all the way to a traveling wholesale agent. The range of tasks carried out by an external sales force is also rather

varied: it can cover customer recruitment, the introduction of new products, the development of new distribution channels, the establishment of new sales outlets, the securing of orders and placements as well as secondary and promotional placements at the POS. External sales cover practically all channels of distribution: wholesale and retail, gastronomy and convenience stores like gas stations, kiosks, and refreshment stands. A leased sales force can make crucial contributions in all these areas.

Reporting as key success criteria

Today, professional sales force leasing agencies are required to reliably inform their clients about the success of their staff in a verifiable and up-to-date manner, so that the client is able to objectively assess the efficiency of all sales activities at all times.

This is done through a joint agreement about the description of each assign-

ment, including, for instance, the number of visits, the percentage of decision-makers actually met, the number of orders, sold quantities, discounts in kind, etc. By complying with the documentation rules agreed to by both the client and the agency, a 1:1 reflection of activities can be ensured.

Instead of the erstwhile traditional reporting, today's leading companies in the industry, such as Combera in Munich, provide their staff with electronic reporting and information systems in accordance with their clients' wishes. They may, for instance, use handhelds from which all relevant information about each assignment can be retrieved. At the end of each working day, each leased sales agent's data is transmitted to the agency's central computer via handheld, PC, or telephone, and is available online the following day. The transmitted data provides both the agency and the client with prompt information about the daily activities of the external sales agent so that they can immediately react. The advantages for the sales agents

themselves are also clear: the agents can dispense with time-consuming handwritten reports at the end of each day trip since all of the information required is immediately entered into a menu-driven system, meaning they can wrap up their administrative work straight after their last visit of the day.

Value for money

Considering all these advantages, sales force leasing is highly cost-efficient. In most cases, costs are quite a bit lower than those for salaried salespeople. With a leased sales force, the costs that result from employee illness or paid vacation time, for instance, are entirely omitted, as well as all the additional tax and insurance costs necessary for the employment of permanent staff. In addition to providing a high level of flexibility, this arrangement helps the client to make a reliable cost calculation, accommodating budget planning and compliance. ● (bmg)