

# WHITE PAPER: INSIDE SALES

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The report intends to cover the deployment options of Inside Sales in B2B firms. Apart from that, the report evaluates the pros & cons, key steps for deployment process, and technology used by IS organizations.

## The Growing Power of Inside Sales

Over the last several years B2B companies have been ramping up their inside sales investment. A few such examples are below:

- ❑ Astra Zeneca has replaced virtually all of its field sales force support for its mature brand Nexium with a 300-person inside sales team. The team provides for most doctors' basic needs for samples and information at a substantially reduced cost.
- ❑ IBM has invested in social media training, toolkits, and personalized digital pages to help its inside salespeople generate leads and manage account relationships. Early results include a 55% increase in Twitter followers and a significant increase in the number of high-quality inbound leads.
- ❑ SAP has refocused its large and growing inside sales team towards working with channel partners rather than directly with customers as part of a strategic initiative aimed at increasing channel sales to 40% of the company's total sales by 2015.

Many B2B companies are making inside sales a priority. Companies are investing to create new inside sales teams, adopt advanced analytics to measure and improve productivity of those teams, realign inside and field sales to optimize market coverage, provide value-based selling tools tailored to inside sales, and upgrade their inside sales customer engagement processes and skills.

## Why are companies turning to inside sales?

Three primary factors give momentum to inside sales.

First, B2B sellers feel competitive pressure to cut costs, and they're seeking more efficient ways to sell. Second, B2B buyers are becoming more comfortable with purchasing and collaborating remotely; they use the web to research product information and are comfortable communicating and collaborating with sellers using methods such as email, social media, and conference calls. In fact, they prefer these methods over face-to-face communication for some sales tasks. Third, new easy-to-use online webinar and videoconferencing technologies make it possible for inside salespeople to create customer intimacy without field interaction.

## Tasks: Most Compatible with Inside Sales

Most B2B selling models include both inside and field sales, and the challenges and the opportunities come in determining the sweet spot for inside sales within an overall selling model. Effective use of inside sales requires partitioning the sales job and dividing it among inside and field salespeople according to some or all of the following dimensions. Different companies divide it in different ways:

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### **By Market Segment**

Use inside sales for the entire sales process in small- to medium-sized businesses that have straightforward needs and moderate to low potential. Use field sales to manage large accounts with complex needs and buying processes as well as more opportunity.

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### **By Stages of the Customer Engagement Process**

Use inside sales to supplement field sales activities in large accounts, especially early in the sales process (e.g., lead generation) or late in the sales process (e.g., repeat purchases). Use field sales for tasks that benefit from a “high touch” approach.

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### **By Products/Services**

Use inside sales to sell transactional offerings and solutions with lower buyer risk that don’t require on-site assessments or collaboration. Use field sales to sell more complex products and services that require a consultative approach and customization.

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### **By Geography**

Use inside sales to reach non-strategic accounts in remote areas and field sales to cover accounts in metropolitan areas.

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## Inside Sales Impact the Field/Outdoor Sales

Many companies are experiencing a bifurcation of sales jobs. Inside salespeople are taking over more sales tasks to drive cost effectiveness. In conjunction, the bar is rising for field salespeople.

Buyers are no longer interested in meeting live with “information providers”; they expect field salespeople to bring new ideas and to create and prove substantial value. Likewise, executives are increasingly reluctant to invest in expensive field sales resources unless those resources clearly provide greater customer and company value.

Field salespeople may have a clearly defined role as face-to-face sellers, but technology enables them to accomplish more sales activities remotely to optimize efficiency (smart use of time) and effectiveness (impact with customers).

Increasingly, field salespeople are selectively leveraging email, social media, webinars, and video conferencing to maximize their own productivity and enhance the customers’ experiences. In this regard, the line between field sales and inside sales is blurring. For field salespeople, this means developing new technology and communication competencies.

## Results That Can Be Expected from Deploying Inside Sales

When appropriately utilized, inside sales reduces cost-of-sales by 40–90% relative to field sales, while revenues may be maintained or even grow. Benefits include:

- Reduced sales force cost-per-contact and increased number of contacts per day.
- Increased revenues in accounts that were lowest priority for field sales but are high priority for inside sales.
- Greater access and faster response times for customers.
- Increased effectiveness by specializing inside salespeople by industry, product, or activity without the increased territory size penalty that specialization creates for field sales teams
- Flexibility to scale up the size of inside sales teams without relocation of salespeople
- Better coaching and development for inside salespeople that share a working location with their manager, resulting in shorter ramp-up and more apprenticeship.

## Factors That Determine Inside Sales Structure

Here are three factors that help in determining which Inside Sales Structure will work best for an organization:

- Ask customers, prospects, and best in class organizations.
- Review each option to determine if it fits in the organization.
- Measure the expected Return on Investment (ROI) of each.

Before rolling out inside sales, it is important to do some market research. This can be done in several ways

- Customer/prospect survey – Determine how customers and prospects would prefer to buy.
- Customer/prospect interviews – Add a qualitative perspective to the survey results.
- Benchmark best in class sales organizations in peer group – Are similar organizations deploying Inside Sales successfully? How are they structured?

When focused on the right market segments, stages of the customer engagement process, and products/services, inside sales drives huge sales force efficiency improvements with little or no effectiveness loss. As customers get more comfortable buying in this way, the impact will become even greater.

Three key components that can result in a team that is highly productive, drive significant revenue, and reduce costly turnover in Inside Sales organization

- Automation: Stop wasting top sales resources' valuable time on cumbersome manual tasks, look-ups, and logs and alleviate the stress of worrying about compliance with industry regulations, letting technology do it faster and better.
- Data Analytics: Information-based decisions are better than arbitrary or subjective ones. Data analytics gives representatives a competitive edge and makes sure their time is spent talking to the best prospects.
- Reporting: The results of sales activity, folded back into prospect records, can yield equally powerful insights about whom to call and when—and with what value proposition. Detailed information can also show how sales representatives are spending their time and where they have successes and challenges.

## Common IS Deployment Options for B2B Firms

The three Inside Sales options are as follows (Qualitative Analysis):

Options	Details
<b>Segment Management</b>	This configuration is typically deployed when there is a large concentration of revenue in the top 20% of the customer base. Inside Sales focuses on growing and managing the segment(s) that require(s) less direct contact.
<b>Lead Development</b>	This is where leads are of extremely high value to the sales force and difficult to come by. It typically involves more complex sales and not transactional sales.
<b>Telesales</b>	Telesales is selling to new and existing accounts over the phone. Fairly low touch requirements are expressed by the customer/prospect base.

### Clients Deploy the Following Inside Sales Models in General:

**Support** – Organizations will sometimes use Inside Sales to remove the administrative burden from the outside sales force. This type of Inside Sales role is what sales support should be performing for the sales team. Inside Sales will help prepare presentations, do research, set appointments, etc. In this case, Inside Sales has been misnamed and is not an extension of the sales team but instead is an extension of a single sales professional. Although this configuration may help an Outside Sales Rep be more effective, it is not a revenue-generating channel.

**Lead Generation Focused** – Find leads and qualify them for the outside team (becoming outdated as marketing automation tools have become much more efficient).

**Segment Account Management** – Inside Sales is focused on a segment of customers that is deemed to be less complex and contain lower potential. They may be organized by geography, product, or industry vertical, or they may have an assigned book of business. Inside Sales can provide increased virtual touches and allow direct representatives to focus on high-potential prospects and customers.

**Internal Growth** – Inside Sales partners with Account Managers to identify opportunities to upsell and cross-sell to the current customer base.

**Transactional** – The focus is on selling to less complex prospects/customers that do not require as much need development or a great deal of education concerning how to buy the product. Although the sale may be transactional in comparison to some more complex interactions, it is not necessarily small ticket. With these less complex interactions, Inside Sales can virtually participate in more sales calls in which success is not as tied to the Sales Representative's ability to develop a need and educate the customer on why their solution is superior. This strategy is banking on the old cliché that sales is a "numbers game."

## Disadvantages of Inside Sales

### *Inside Sales*

*Inside sales occur when a business pursues sales from its own office or uses a telemarketing or call center.*

*Inside sales include the cost of the salespeople, phones, computers, office space, furniture, and any IT support necessary to make the calls.*

### *Outside Sales*

*Outside sales efforts occur when sales representatives visit potential customers.*

*Outside sales also include the cost of salespeople, phones, computers, and IT support and can also include expenses such as travel, lodging, and meals.*

### **Less Demonstration**

With inside sales, one can't demonstrate product functions and features. Some products and services are an easier sell if a potential client can see, touch, taste, or try what he is considering buying. In addition, a sales rep can explain what is happening and address fears about ease of use.

To overcome some of the loss of hands-on selling, if one were to set up website pages with videos or illustrations, customers could view these while talking with the sales representatives on the phone. This will cost staff time to develop the video or drawings and the cost of putting it on the website and training the staff how to use it in a presentation.

### **Less Support**

When sales representatives make in-person calls to customers, they can watch how the customer is using the product to determine if he is getting the maximum benefit from that one sell. This is a significant benefit if it helps one to see that the customer is using the product improperly, thereby decreasing the return on the investment he gets from the product. If one sell a product that clients then resell, outside sales representatives can view how it is being displayed and offer suggestions for better retailing. The less field support offered, the fewer sales it might make.

### **Less Personal**

When products have significant competition with competitors offering similar benefits and prices, customers often make their purchasing decisions based on their relationship with a particular sales rep. In some cases, buyers think, "I'm not buying a widget; I'm buying Joe." This stems from the fact that they have a face-to-face relationship with the rep, which can lead to a sense of trust. Talking to a disembodied voice over the phone, no matter how often, does not allow for as powerful a connection as in-person meetings do.

## Technologies

Technology is vital for enabling efficiency and maximizing productivity. All systems and tools must be implemented for ease of use by the inside sales representative and for transparency of tracking. Technology is implemented throughout the sales cycle from routine contact and account management to increasingly sophisticated opportunity management and prospect collaboration.

Technology in the area of improving sales productivity is a rapidly changing landscape. Dedicated resources knowledgeable in sales processes and methodologies are necessary in order to stay on top of this important function, often referred to as Sales Enablement. Organizations today should continue to work towards full utilization of these tools to improve overall productivity and visibility of efforts.

Minimally, the key components include the following:

- A company-wide CRM system, accessible and used by all that touch the prospect to customer process, which maps sales processes and workflow in order to:
  - Support a volume- and transaction-oriented environment.
  - Provides visibility on pipeline values and velocity.
  - Enables forecasting consistency and accuracy.
  - Captures key data for market knowledge and marketing support.
  - Provides reports and dashboards with up-to-the-minute performance.
  
- A telephony system that tracks call volumes (inbound and outbound), talk time, and abandon rates in order to:
  - Accurately assess staffing levels.
  - Identify performance laggards immediately.
  - Provide trends and analysis at a macro level for model refinement.
  
- Web conferencing capabilities such as WebEx in order to present and demonstrate products and solutions.
  
- The ability to build interactive websites.
  
- Prospect Intelligence tools that improve ISR visibility prior to calling (i.e., Hoovers, D&B, OneSource, and Sales Genius).
  
- An online repository (i.e., corporate intranet, SharePoint) for all processes and procedures, documents, templates, etc., kept up to date by content owners and easily accessible for inside sales representatives. Companies on the forefront are providing Blogospheres and Wikis (“white space”) that allow employees (and partners) to share and rate best practices.

## Five Reasons Why Inside Sales Is Replacing Field Sales

This may feel redundant or obvious to those already using or managing inside sales teams, but the shift from field sales to inside sales—especially in companies and industries that have traditionally relied heavily or exclusively on outside sales teams—has accelerated in the past year.

Inside sales is typically cheaper to execute, but many companies have assumed that field sales—and the face-time it allows in front of prospects, based on their size or the complexity of their problems—drives greater success, differentiation, and deal conversion. That’s no longer true, and sales teams nationwide are proving it every day.

### 1. Improvements in Web and video conferencing

Webinars have been around for a while now. Presenting someone a PowerPoint deck online while describing it over the phone is old technology and not entirely effective. But the proliferation of more interactive, multi-media conferencing tools that combine images, presentations, demos, and videos of participants is getting closer to recreating the “we’re here together live” experience of outside sales. It allows participants to see each other, use non-verbal communication signals, and keep prospects engaged during presentations.

## 2. Social media and profiles

A primary value of social media and social profiles for the sales process is to better understand who the prospect is—what he or she cares about, does during and after work, etc. It is about relationship building, a key asset in the sales process and previously difficult to execute without being there in person. Now one can learn far more about the prospect and use that information before, during, and after interactions from afar to build rapport.

## 3. Work/life balance

Inside sales used to be for the junior sales representatives. It was a training ground, the minor leagues, for graduating to higher-paying field sales roles. But those outside sales representatives are increasingly tired of being on the road and away from their families. These representatives want to stay in sales and continue earning high commissions but want to do so without nearly the same level of travel. They are being employed by companies that are leveraging their sales skills, experience, and expertise while still allowing them to be home for dinner.

## 4. The cost of long-distance telephone calls

This feels tactical, but it is a major issue for organizations that, in the past, have been able to compare long-distance bills with T&E budgets for their field teams. Long distance via traditional phone carriers is still pricey, but the cost of doing business all day via phone and Web (especially with VOIP phones, Skype, and other Web-based means of prospecting and meeting) has decreased dramatically, which if nothing else, has organizations re-evaluating their sales deployments.

## 5. Buyer behavior & preferences

As sellers, we may prefer to have the face-to-face meetings. And historically, our buyers wanted that too. But more often buyers don't want that level of commitment. They are busier than ever and are just as satisfied with having a quick call or video conference versus an in-person meeting. It feels faster and more flexible, and the same business and outcomes result at the end.

## Outsourced Inside Sales vs. Internal Inside Sales

Outsourced inside sales has emerged in a huge way over the last ten years. Outsourced anything has become viable in today's marketplace. Building an inside sales operation is not easy by any stretch of the imagination. Thus an organization has two options: build an internal sales team or engage an outsourced inside sales organization. Both have pros and cons, and the organization has to decide which is best for the company.

Internal Inside Sales	Outsourced Inside Sales
1. Cost of recruiting	1. No recruiting cost
2. Downtime cost associated with training	2. Set-Up fees waived
3. Downtime cost associated with learning curve	3. Experienced staff ready to deploy
4. No guaranteed production	4. Guaranteed production
5. Costs associated with staff turnover	5. Staffing of your program is uninterrupted
6. Time to impact sales pipeline unknown	6. Time to impact sales pipeline is 30 Days
7. Total cost per lead / per sale fluctuates	7. All costs are fixed costs
8. 90 days of activity – Unknown Results	8. 90 days of activity – Guaranteed Results



## About The Author

Hernan Vera is managing partner at the consulting and services firm, Sales Outcomes, and works with business-to-business companies that depend primarily on a direct sales organization to grow revenue. He is a proven sales and marketing leader with over 25 years experience including executive management positions with major corporations, including: Pitney Bowes and Ryder System. Vera is a recognized expert in the implementation of sales automation tools, marketing and sales operations, sales performance management and sales compensation. He holds an MBA from Florida International University and a Bachelor of Science in Accounting from the University of Florida. Vera was born in Santiago, Chile and lives in Coral Gables, Florida.

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