

Outsourcing for Efficiency

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Why Outsource Marketing Support Services?

Business and the way organisations interact with each other is changing. The prevailing economic climate indicates that major organisations must operate at the lowest possible cost base, across geographic boundaries, whilst maintaining enough structural flexibility and responsiveness to be able to react to market growth, recession, redirection or revolution.

Requirements are becoming more specialised and demanding as we all become more sophisticated and 'forward thinking'. As organisations strive for greater efficiencies, leaner processes and a concentration on core competencies, the ability to outsource non-core activities can free valuable resource to reinforce strategic initiatives.

The challenge now is to create a new working environment to get the most out of remaining team members. Outsourcing can be the solution.

Outsourcing is a management tool for the changing face of business. It is a strategic relationship between your organisation and an outside company which takes responsibility for performing necessary but non-core functions of your business. Choosing which functions of your organisation to outsource, and knowing what kind of outside specialists will best perform these functions, must be tied to the ultimate goal: bringing the greatest value to the customer and obtaining the greatest productivity in your business.

Experienced outsourcing professionals can help your business stay lean, competitive and focused on what you do best. Outsourcing lets you direct your energy on the 'what' and 'who' of your business, while the 'how' is handled by outside experts.

Defining Core Competencies

'Core competencies' sets your business or organisation apart from your competitors. It is what makes your business unique. Your company's success depends on these competencies, or capabilities.

Understanding core competencies, starts by defining your business. You must understand how your customers perceive your business, and how to generate benefits for them by fulfilling their needs and expectations.

How do you define your core competencies?

- Identify your unique corporate skills, knowledge, products and / or assets.
- Core competencies must be widely defined and flexible to adjust to changing, or long-term, customer values.
- Focus on no more than five core competencies. For example, new areas of competitive advantage may be where your company can dominate.
- Core competencies are derived from your company's corporate culture, systems and methodologies.

Companies considering outsourcing any of their marketing support functions generally do so for one or more of the following reasons:

- Reduce or contain cost
- Improve cash flow
- The demand for the support is variable
- Move from fixed to variable costs
- Improve service
- Improve productivity
- Access technology and skills
- Allow management to focus on core activities
- Function difficult to manage
- Resources not available internally

Critical Success and Failure Factors Relating to Outsourcing

The success or failure of your outsourcing project will depend on some or all of the following...

Disclosing All the Facts –

It is important to recognise that the business case for outsourcing is only as accurate as the facts on which it is built. Full disclosure of all pertinent information is essential if potential dispute or disagreement is to be avoided. The potential Client should be clear on their current capability level in the area to be outsourced and also clear that the data which will be used as a base for measuring performance is based in fact and verifiable.

The Right Contract for Both Parties –

The goal of any successful outsourcing deal is a 'win-win' outcome. Therefore a contractual relationship that sets out to provide both parties with the benefits and protection they require is necessary to make the relationship work. Contracts need sensible exit clauses, which reflect the fact that businesses are dynamic and need to be changed from time to time at acceptable cost. The contract has to be fair to both parties and right for the duration of the contract, not just the day it was signed.

Service Level Agreements –

Decide and quantify the results expected from the outsourcing arrangement and measure the fulfilment of these. Service level targets need to be set higher than those achieved by the Customer in the past and should ideally be well incentivised as a reward for excellence or over achievement. However it has to be accepted that the outsourcer must be able to fulfil the contract at a profit, therefore unrealistic targets only lead to disappointment and are normally commercially unsustainable.

Contract Management –

The biggest mistake made by outsourcing Clients is to assume that the day after signing an outsource agreement they no longer have to be involved in the project. Active, continuous involvement in an outsourcing contract is a non-negotiable, prerequisite for a successful relationship and requires the Client to field capable people to fulfil this role.

Maintaining the Partnership –

The outsourcing arrangements have to be sponsored at the highest level in the Client's organisation. Communication becomes the responsibility of the Marketing Management Team who are given a clear mandate and given access to the resources necessary to make the contract work. Everybody involved has to be clear that this arrangement is built on the basis of mutual benefit; typical buyer/seller attitudes will not provide long-term sustainable value to either party. Last but not least, staff continuity is critical in the first two years to establishing a real and lasting partnership.

Client Checklist

It is perhaps worthwhile taking some time to ask the following questions before investing time and resource in, what can be, a complex and thought provoking issue.

At the summation of the questionnaire, the resultant answers will give a more focused impression of where your organisation's priorities and objectives lie, which will hopefully encourage you then to take the next step... in making the initial contact with The Marketing Edge.

1 How to assess if your marketing functions should be outsourced.

- Is the function core to your business (if yes, why outsource)?
- Do you really understand the current cost of the function?
- Could you use management and staff more usefully elsewhere?
- Could you make the improvements you seek yourself?
- Is your organisation 'partnership' receptive?

2 How to assess your potential outsourcer?

- Are they an expert in the industry and the functions?
- What is their track record?
- Is there a cultural fit?
- Do they have a function transformation plan?
- What KPI's do they think are possible / appropriate?

3 Base information requirement for The Marketing Edge

- Business sector
- Number of direct employees
- Current Marketing spend
- Number of Marketing Influencing Personell

The Shamrock Organisation

The Shamrock Organisation is a term coined by Charles Handy, one of Europe's leading management experts and author of *The Age of Unreason*. The shamrock, a small clover-like plant with three leaves on each stem, symbolises an organisation comprised of three distinct groups of people: the core, the contractual fringe and the flexible labour force.

"In this three-leafed organisation, all non-essential work, work which can be done by someone else, is therefore sensibly contracted out to people who make a specialty of it and who should, in theory, be able to do it better for less cost," says Handy.

The core group consists of full-time workers, those highly-qualified, trained, experienced professionals, technicians and managers essential to the organisation. The core group defines what the company does and what business it is in. These are essential to the continuity and growth of the organisation.

Since the core group in many companies is becoming smaller, work is outsourced to companies in the contractual fringe, the second leaf of the shamrock. A company like The Marketing Edge has expertise in one specific area of an organisation's business operations; in our case, Marketing.

The third leaf of the shamrock is the flexible labour force; part-time workers and temporary employees who are the fastest growing part of the employment scene, who help during a company's peak times.

Case in Point...

In this era of downsizing, companies usually limit their hiring to full-time staff. A business must maintain efficiency and customer service without going out of business. Outsourcing can balance growing demand with shrinking resources.

In this example, Monks and Crane Industrial Group outsourced their marketing support to help maintain their competitiveness.

"We couldn't add more staff," said Sean Fennon, Managing Director. "So we needed to find a way to keep everybody up and running without breaking the bank. We found that outsourcing all our marketing functions to The Marketing Edge provided us with several ways to add value. And problems get resolved far more quickly. It has also allowed us to cut costs significantly. We're very happy with the service."

How Can The Marketing Edge Help You Outsource your Marketing Services?

Marketing Services require more expertise than most businesses typically have on staff. Although outside marketing experts can make a terrific contribution, they rarely work alone. To reach a company's marketing objectives effectively, they need input from that company's own experts who know the firm, its corporate culture, goals and direction of the overall marketing programme.

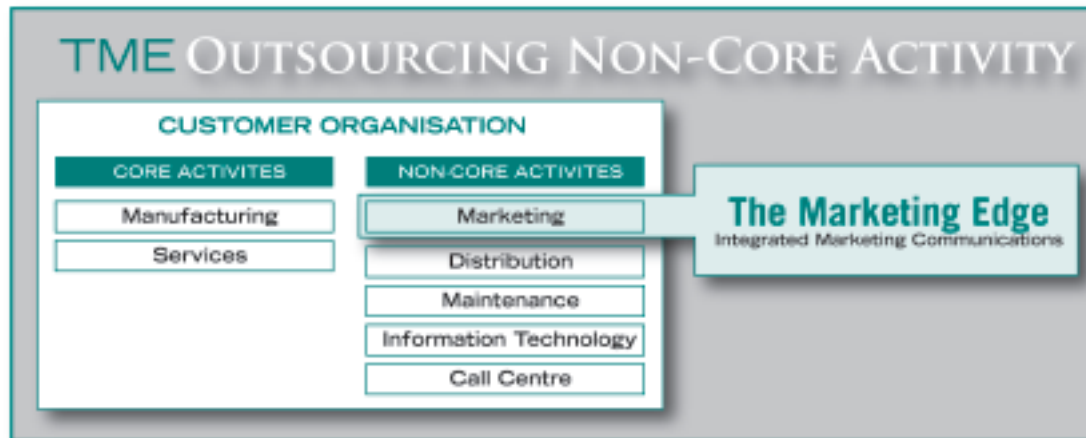
In-house marketing staff may have the same skills and capabilities as an outside consultant, but are not likely to have the perspective and experience of a professional marketing service. The best relationship exists when in-house marketers and professional marketing specialists work together to create effective, results-oriented marketing strategies.

Once you decide to search for a professional marketing specialist, where do you find one? References from your marketing department are one way to find qualified experts. Reading the trade journals is another. Good consultants are constantly publishing articles, conducting seminars and sending targeted correspondence. They may find you before you've started looking for them.

An outside expert should provide proof of experience and specialised skills. They should provide references and samples of previous work.

Ask the following questions:

- Does the specialist demonstrate a clear understanding of your business needs? Do they understand what you are trying to accomplish? Does the specialist ask you intelligent, targeted questions, or just listen and agree with everything you say?
- Does the specialist set clearly-defined objectives? Are they accountable for their work?
- What business structures are in place? Will there be a proposal? A letter of intent for your signature before the work begins? Are the terms and fee structure clearly defined?
- What form will the specialist's report take? Does it include implementation?
- The outside expert should be as qualified in their profession as you are in yours. When a marketing professional functions properly, the marketing programme not only has relevance and perspective, but it is also cost effective. Firms with accountability programmes - where consumer response is recorded, analysed and used to measure and compare the effectiveness of each marketing effort - make the most sense.



Marketing Should be Integrated...

The most sound marketing programme is one that brings together various elements of marketing which support each other. Integrated marketing activities achieve marketing objectives with the most impact and cost efficiency.

A well-rounded marketing programme uses a full menu of marketing skills - research, advertising, public relations, print communication materials, direct mail, new media, etc. Beginning with the all-important flow of ideas, a marketing team must not only develop strategies on how to communicate these ideas, they must also monitor, control and enforce execution of the processes.

Integrated marketing is the guiding force behind any marketing team. Since marketing is a business of ideas and integration, ideas may flow down from the top executives or upward from all levels of the team.

REMEMBER: Outsourcing is a strategic concept - a way to add value to your business - which provides an experienced service team to work with you and allows management to focus on the critical core areas of your business.

As businesses, large and small, become part of the new economy, visions of future growth are easy to imagine. Achieving this growth is another story. This is where The Marketing Edge's expertise can help.