

Outsourcing your marketing and sales dept

A few agencies offer outsourced marketing services for small companies and startups, but low awareness is still a hurdle

/Sreejiraj Eluvangal



When 32-year-old Dasharatham Bitla quit his job at Oracle and decided to start a software product company of his own last year, he did the usual thing. He got a team of engineers and started work on the product—a piece of software meant to make life easier for bus operators.

“We started marketing and sales in August or September last year,” Bitla, who runs his firm from a modest second-floor office in southern Bangalore says. “But after about six months, it was plain that I could not meet the requirements of the running around involved in actual sales,” remembers the engineer.

For Dasharatham, Dash to friends, it was an awakening, into the ‘other side’ of business. “A lot of people from technical backgrounds, who start companies, don’t realize how tough it is to market and sell the product, no matter how good it is,” he says, “I realized it only later.”

Dash’s realization, of the importance of ‘selling’, also came with an awareness of how unprepared his initial plans were for the new world. “It was difficult to suddenly make space for a big marketing or sales team in the original plan,” he says. “A good marketing or sales person comes at a high price.”

Like Dash there are many others, who face the initial hiccup of having a knowledgeable sales and marketing team to push a new product, by a new company, in front of the buyers. Catering to often spread-out and niche-buying audiences with established buyer-seller relationships, many young companies find it difficult to make inroads into these established links.

Unlike bigger corporations that require and can support multi-member, full-fledged marketing and sales teams, small companies and startups often require marketing help in spurts and starts. Many, for example, require extensive help during the ini-

tial phase, followed by a lull in the next few months.

Vinod and Pramod Harith recently said good-byes to their established careers in Wipro and MeritTrac respectively. After a year of preparation, the brothers started what they call “the outsourced CMO” (chief marketing officer) firm Axis, in May. “In India, the concept of an outsourced CFO is well accepted,” says Pramod, the former head of marketing at the assessment and recruitment company MeritTrac, “but people are not aware that they can outsource the functions of the CMO as well.”

While the concept may sound obvious, the market is yet to gain traction. While bigger companies routinely outsource entire marketing campaigns to third parties, there are only a handful of service providers who operate at rates affordable to small companies.

Entrepreneurs like Bitla point to the scarcity of such outsourced sales and marketing service providers, but those who operate in this sphere point to the lack of acceptance of the concept, especially by smaller Indian companies. They say that while entrepreneurs have no hiccups in accepting that finance is “too complicated a subject” to be handled by themselves and is better outsourced, when it comes to marketing, many over-estimate their own competence.

“Most entrepreneurs underestimate marketing,” says Rashmi Vallabhajosyula, a Bangalore-based marketing consultant for SMEs and startups, “They don’t spend too much time thinking about it before they start, because they think marketing and sales are obvious, intuitive. It’s about ads and press releases,” says the eleven-year marketing veteran.

Not enough suppliers...

Rajesh Kishanpuria, owner of the Kolkata-based direct marketing and event management firm Ideazfirst has first-hand experience of the supply-crunch. “I used to work with Emami as a brand manager five years ago. We wanted to do a promotion for a pain-relief product at the Sealdah railway

station. The idea was to demonstrate it in front of the coolies. But sadly, no matter how well we instructed the agencies, it could not be done. Finally, we had to approach a big agency and it was done perfectly. But it cost us ten times compared to the mid-level agencies we were initially using.”

Out of the frustration of Kishanpuria—the brand manager, was born Kishanpuria—the entrepreneur. “I realized that small agencies were behaving like manpower agencies. They will provide people and it was upto the company to utilize them and execute the project. Maximum they will do A, if you tell them to do A, but won’t think of B or C, if A fails.”

Today, he is at the helm of one of the agencies that handle such work, at rates even SMEs can afford. Depending on what the client wants, Kishanpuria can provide anything from the company’s annual marketing plan to just a single event or road show to promote a product. Unlike many others, he also provides direct marketing services, such as contests, seminars and shop-floor promotions, to reach out to the consumer directly.

...and not enough demand!

However, the problem flips over when you talk to the marketers. For them, it is not lack of willingness to offer more than just branding advice, but more the lack of demand and acceptance on the part of smaller companies to such outsourcing ideas.

“Most startups are cocooned and self-engrossed with their product,” says Manas Arvind of Emaginous Creative Solutions that provides a range of market research, marketing, branding and on-the-ground production services to companies. Though equally well-suited to small or startup companies, especially in the IT or technical sectors, most of Arvind’s services are utilized by bigger clients. He points out that the market has yet to see significant demand from the lower end. “Traditionally, the Indian IT and innovation space has stayed away from marketing. They don’t think out-of-the-box when it comes to marketing their products,” he says.

With the SME and startup market yet to achieve volumes, Manas points out that it will be difficult for companies like his to offer an end-to-end marketing and sales solution affordable to this segment. “We look forward to working with startups and can see a huge opportunity here. If we get this kind of engagement, we will be able to get into the niche area where we always wanted to be. However, based on the demand for such services today, I don’t think it’s viable. For example, we have sales-force based models of direct marketing, costing, say, around Rs 400 per agent, per day. This is basically for direct selling to consumers. But, if you are talking about a specialized b2b company, with a specialized product such as enterprise software, then you need more experienced people as your sales agents, unlike for selling credit cards or home loans. Based on current demand, it’s not viable in today’s market,” he points out.

Yet, there are a few who have ventured broadly in this direction, even though it required them to know the client’s product as well as it were their own. Rashmi of Altius Consulting is one. “Our engagement can be very flexible. So, it can be a one-off project for a product launch, or it can be a long-term marketing consultant model. If it’s a b2b company that has only a handful of potential clients, we can even go along for sales pitches,” she says.

KJ Singh, founder of Delhi-based Evolve Brands, is another marketer who offers a broad range of solutions, “from strategy to operations.” Like most service providers, Singh too has a retainer-based model. “If all you want is a tele-caller, that will be just around Rs 15,000 per month,” Singh says, “But if you want a specialized marketing consultant, it can be as high as Rs 50,000 per month, for four to six days every month.” Like most consultants, Singh can also provide people who make personal calls to potential customers on behalf of the clients, but, like the others, shies away from taking responsibility for sales itself. “I can create the demand. The last leg is for the customer,” he points out. **DARE**