Susan McKenney
President at Diversified Sales Solutions
Co-Founder at Smarketing Institute

Helps small companies and startups achieve sales success through management, performance and planning. She helps corporations exceed their business goals by: Team building, development, sales enablement and sales process improvement. She most recently launched the Smarketing Institute to address the close relationship and need for Sales and Marketing in small businesses and startups using Local Sales and Marketing Professionals.

She is a former Sales professional with over twenty years of experience across many industries. Her background includes executive sales management, sales team creation, sales training. Susan has helped build regional, sales organizations, creating direct selling teams. She has developed and conducted "custom" sales and product training programs for small companies and startups. She has consulted many small businesses in MA in the last six years.
Natalie Nathanson, President & Founder of Magnetude Consulting

- 15+ years in marketing & sales roles – corporate, startup, consulting
- Advises on go-to-market, marketing strategy & planning, and sales enablement
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Magnetude Consulting is a B2B marketing firm that works with entrepreneurial firms who want to **grow more rapidly and compete more effectively**. We help clients market the right way in today’s environment by providing **fractional marketing department services**.

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**Provides Outsourcing Services**

Founder of a consultancy that offers a unique outsourcing model for marketing.

**“Outsource” Segment of Client Base**

Work with consulting and professional services firms who offer outsourced services.

**Outsources for Expertise**

Brings in outside expertise to enhance our own firm’s core competencies.
I have diverse experience in engineering, law, and finance. My experience embraces varied roles, including as an early-stage investor in medical device, life science, high technology and professional service firms and as a board member of various family-owned and operated companies and non-profit organizations. I was VP, Business Operations, General Counsel and Secretary and a member of the operating committee of Prime Computer, Inc., and the CFO and VP, Administration of a $100 million IBM hardware and software reseller with a growing professional services organization.
When should you consider outsourcing?

- Skill sets too diverse for an in-house hire
- Gaps in domain expertise
- Long term needs are still in flux
- In alignment with your business model
Common Misconceptions

• Loss of control
  PEOs provide access to seasoned HR professionals, whose guidance and advice you can solicit when you need assistance. They assist you with the employee-related aspects of your company, but you maintain control of all business and operational decisions.

• Employees may not embrace the relationship
  There is minimal, if any, disruption to employees when you work with a PEO. They will see that they are being paid by the PEO and not your company, but will likely appreciate the greater depth and breadth of benefits offered as a result.

• Existing HR staff will become obsolete
  PEOs often align with your company’s existing HR department to provide much-needed expertise. External resources can prove invaluable when you are faced with high-risk HR situations.
Getting Started – What do I outsource?

– Those functions that are not strategically important, such as payroll and collections, while needing to be done correctly can be easily outsourced to a competent supplier and do not necessarily require extensive management.

– For all others, think strategically - does the function give your business a competitive advantage and is necessary to reach your goals:
  • Make outsourcing a strategic management tool,
  • Continually analyze your business model against changes in market conditions that affect your competitiveness,
  • Differentiate between functions that are essential to operational performance but not do not provide a competitive advantage,
  • Keep those that provide a competitive advantage in house, this provides you control and the ability to react more quickly to changing market conditions,
  • For those that are essential to operational performance, think longer-term, seek to yield transformational outcomes, such as improving operational performance, your value proposition, your product development or your customer support,
  • Then, seek vendors that realize that they are more than a service provider,
  • Build long-term strategic partnerships with your outsourcing partner, grow the relationship to succeed together.
What are the benefits of outsourcing?

- Flexibility to evolve as needs change
- Breadth of client expertise
- Fast ramp, proven frameworks
- Cost-value equation
Specialized resources for *increased* bandwidth

- Whether in HR, Marketing, legal, or finance when you outsource and allow experts to focus on their specialty.
- The better you (or portfolio companies) can focus on making better decisions over the business competencies that are critical to your business’ success.
Cost-Value Equation – Transaction Costs

- Outsourcing has many benefits, in pure economic terms, it can reduce overhead, improve operational efficiency, bring essential or fresh expertise to your business, and free up your time for other important tasks. But does outsourcing always bring the anticipated cost saving and freed management time?

- The term “outsource” is deceptive. It does mean you freed yourself of responsibility for its completion. With every outsource task comes a transaction cost of managing the vendor. Transaction costs can reduce or eliminate any expected economic benefits.

- The question is not if a task is “core” or “non-core” – that can change over time. Rather, ask “is the task manageable?” That is, is the task one that can be trusted to be managed and controlled by the vendor.

- Tasks that are complicated, or schedule dependent, require more vigilance to manage increasing transaction cost significantly.

- Failure to properly manage the outsourced vendor always produces the worse outcome.
How do you build a solid partnership?

- Trust & Communication
- Clear, realistic objectives & expectations
- Value for what each party brings
- True openness to input & change
- Cultural fit – present & planned
Choosing the Right Partner

– The essential criteria are, the vendors:
  • Industry and Technical Expertise
  • Project experience
  • Reputation and integrity
  • Business and financial stability
  • Competency of workforce assigned to your project
  • Commitment to quality and performance
  • Client references

– For essential but not strategic functions, select a partner that:
  • You can trust and fits culturally within your organization,
  • Can scale along with you,
  • Adds value beyond the task at hand, such as providing other resource and tools that help you improve the outsourced task,
  • Has aligned incentives and understands the importance of investing in a strategic partnership relationship, and
  • Willingness top share knowledge and experience to help you grow together.
Human capital due diligence should allow leaders to address questions such as...

**Recruiting** – Will the newly combined company have the right bench strength to meet short- and long-term targets? What is the selection process for hiring and identifying key bench players? What is the current turnover rate?

**Benefits** – What does a comparable benefits package look like? What can continue to be offered and what is no longer available? How will ancillary benefits (401(k), pension plans, AD&D) be integrated?

**Compensation** – Do salaries for similar positions match across organizations? Are the commission plans equitable and do they encourage the right behaviors?

**Payroll** – Are the pay cycles similar? Does one company pay in arrears while the other forecasts to close? Are all employees classified correctly?

**HR Support** – How do HR policies, procedures and current practices differ between each organization?