

# MARKETING

## OUT-SOURCING MARKETING FUNCTIONS

right financial and management support. This is necessary because entrepreneurs are good at ideas than at managing budgets, business operations, and employees. Avoid the tendency of lavish spending at the start of your project or business as the early inflows after your sweat and toil are tempting enough. Where you find yourself in such a questionable position, please do well to resort to your network of trusted and experienced advisers to help you see the proper perspective.

At this point, we can conclude that there are some general personality traits that are vital for being an entrepreneur. You may have what it takes to be an entrepreneur if:

You are persistent, with a great deal of zeal and stamina. You turn problems and ideas into sustainable opportunities. You have a good, intuitive business sense, and you thrive on new ideas. Robert Heller had this to say: "Entrepreneurs have no frontiers other than their own ambition."

You tend to rebel against authority, that is you want to be your own boss. In further explanation of this attitude of the entrepreneur R. Hunt Greene said "Everything is always impossible before it works; that is what entrepreneurs are all about – doing what people have told them is impossible."

You are positive; you communicate well, and enjoy working with people.

You have a strong need to succeed, financially and otherwise.

You are not afraid to make mistakes and you learn from them.

You can quickly and skillfully turn ideas into sustainable business opportunities. ■

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### The New Dimension to Marketing

In general, many companies already out-source parts of their marketing functions such as advertising, promotion, research, etc. However, the marketing functions, like direct-mail management, lead management, or customer analytics, are most often done in-house. Increasingly, expertise in these marketing areas lies outside the walls of companies. We are familiar with the benefits of out-sourcing various corporate functions, but the idea of out-sourcing marketing, beyond advertising, seems relatively new. This is reason why more and more companies are turning to marketing partners.

According to Harvard Business School professors Gail J. McGovern and John Quelch in the March 2007 issue of the Harvard Business Review, one reason behind this move is because, while company marketing departments have plenty of talented right-brain creative types, they may often lack the left-brain analytics needed to better understand their customers in today's information-rich and driven environment.

### What are the Concepts and the Potential Benefits to Businesses?

For the past years, the media has been so fragmented that companies can no longer rely on mass marketing to reach prospective customers. Marketing communication tasks have become much more complex and complicated. Therefore, more firms are dependent on computer-aided market analysis.

Out-sourcing marketing functions other than advertising is reported to be beneficial to businesses in cost savings and improved service quality. In addition, many firms lack "left-brain" analytical skills in-house. These skills are becoming more important than ever in an age of increased direct marketing. Companies are finding that the expertise often needed fall outside the

expertise inside their companies. Sony, a well-known marketer, out-sourced its programme to market products through its online "Sony Style" store by recognising that they needed expertise in areas such as customer database construction.

### Should Firms out-source all Marketing Functions?

As much as companies stand to benefit significantly by out-sourcing, especially from skills that are not in-house, some marketing areas like those that directly drive marketing strategy are less amenable to out-sourcing. While analytical skills and computer models are important, top managers still need to meet regularly with customers. Companies need marketing officers to drive marketing strategy and make the most of the company's customer relationships. It is imperative that companies still need "flesh-and-blood" employees to win and service major accounts.

### Skills Required to Out-Source

The skills required of the marketing manager are radically changing. Managers are like ringmasters in a circus in today's changing markets. They must understand how to access the skills they need, since in practice they rely on a variety of in-house and outside suppliers to get the job done. It is important for marketing managers to nurture ongoing relationships with outside suppliers. It should be recognized that the best out-sourcing arrangements are partnerships or strategic alliances. Suppliers should not be regarded as mere contractors, since contractors do not always perceive a long-term stake in the project's success. They and customers must rather be seen as partners.

The manager must create an environment where the value created should be seen as shared value. Managing suppliers in this way requires a great deal of skill and competencies that are not always resident within a firm. This challenge requires negotiation and communication skills as well as a strong ability to project manage several elements of the various marketing campaigns.

There is then a close tie between out-sourcing marketing functions and the increasing global out-

sourcing in other functions. Companies, in general, turn to out-sourcing as a means of saving money while accessing the skills they need. It may be in the area of marketing, information technology, procurements, maintenance, manufacturing, and other services. Companies are most often apprehensive of out-sourcing some of their business functions. However, as companies have become more comfortable and familiar with out-sourcing arrangements, they have become more willing and relaxed to trust outside suppliers with business functions that, until recently, have not been out-sourced. ■

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*Method goes far to prevent trouble in business: for it makes the task easy, hinders confusion, saves abundance of time, and instructs those that have business depending, both what to do and what to hope.*

*William Penn (1644-1718)*

*British religious leader.*