

Global source healthcare: allocating sales resources assignment



Allocating sales resources 1) Has Global Source's sales strategy been effective? Would you recommend any changes to the sales strategy? If you consider the sales strategy rationally, you can hardly conclude that the sales strategy was effective enough considering the problems Global Source are currently experiencing. As the healthcare industry is rapidly changing, most of the trends not favoring Global Source, they are not well prepared in their strategy of sales.

Global Source is a comprehensive healthcare staffing company that provides domestic as well as international staffing services. They positioned themselves in the market as the one-stop-shop for every hospital's outsourcing needs. The main idea of Global Source was to target international markets and developing a steady stream of international healthcare personnel to supply domestic hospitals. However, due to a cash flow shortage, Global Source was forced to enter the domestic market as well. A major problem Global Source is dealing with is the high dependency of three major accounts that includes roughly eighty percent of the revenues.

Furthermore, they do not have any clear focus which potential customers to target. They deal with small and large hospitals, while they need a complete different attraction strategy, for example the possibility to become in contact with the responsible decision maker, the amount of personnel needed etc. Therefore, I believe that Global Source first needs to make clear what their focus should be and to determine which customers to target during their sales process (characteristics of the customers and which type of Tiffin).

Therefore, it is valuable to evaluate domestic travel staffing and international recruitment both by comparing both pros and cons. Although CEO Siding argues that the only solution to solve the shortage of cash flow is entering both markets simultaneously, I consider a clear focus as more important for a healthy future perspective. Domestic travel staffing is a way to earn some quick money, although the competition is fierce while the margins are under pressure. However, there is still a net average profit of 4000 dollars for every 13-week assignment.

In comparison with international recruitment where the competition is less intensive while the entry barriers are higher, the earnings are lower with an average of 9624 dollars for approximately 2.5-year contract (calculated by using the average fee 17,500 dollar multiplied by the average margin 55%, assuming the employment contract is the average of 2-3 year). Sisters Paramus, this means that the domestic travel revenues are significantly higher, (4000 dollar multiplied by 10 as thirteen weeks is a quarter of a year) resulting in almost the fourth fold of the revenues of international recruitment.

However, the travel staffing market becomes saturated; Global Source is not distinctive on any facet in this market while they only obtained some contract by giving discounts (which means that the fourth thousand dollar calculations might be overestimated). Considering international recruitment, Global Source has a competitive advantage over other competitors due to their strategic alliances with countries where they are active recruiting, they have a valuable opportunity in India, a country with an abundant supply of qualified nurses, due to a strategic alliance with a local company.
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An alliance that competitors did not have yet. Based on these arguments, I would suggest that Global Source should purely focus on extending their international recruitment activities, their former focus. By improving the sales processes, it should be sufficient to create a comfortable market position. If this is not the case, the company will not be able to survive in this competing industry. Focusing on domestic travel activities is only a short-term solution where Global Source is not specialized in any activity.

The current sales strategy is presenting Global Source to potential client as an international recruitment specialist, while able to offer domestic travel staffing as an add-on service for a complete package of staffing solution. However, barely no one uses domestic and international staffing simultaneously, even at a discount price. Simply said, there is no market for presenting both activities because companies do not feel comfortable dealing with one company for both activities.

I suggest that Global Source should mention their distinctive character with the possibility of offering a consistent supply of international nurses, mainly from India. Furthermore, they experienced troubles during the sales processes because different people are responsible for international and domestic staffing. By focusing only on international staffing activities, the necessary amount of 100 cold sales calls a day might not be necessary anymore. Salespeople are experiencing lack of time because they need to reach their deadlines, while they are expected to follow up prospects.

Furthermore, they are acting as account managers as well, meaning that they should maintain relationships with clients. By splitting the tasks of cold

calling, something that I consider as a low-educated job function, and account management, Global Source can save money on personnel costs while the efficiency rates are improved. Account managers, a more skillful job function, can concentrate on their core activities by developing better relationships with current and potential customers, while cold calling is purely done by lower-paid employees.

Salary payments can furthermore be based on a fixed basic amount with bonuses provided when team targets are reached. Although the company currently lacks resources, it should be possible that when revenues are increasing, some additional compensation is given in reward. Especially when you already save some money by splitting the tasks of sales people in the organization. The issue of salespeople dealing with domestic and international recruitment is already solved when Global Source purely focuses on their main activity, international recruitment.

Finally, I do not consider it important that the CEO is involved in almost any client. A CEO should focus on the success of the company by making the final strategic decisions, not running day-to-day tasks. Focusing on the three major clients is understandable, but you should trust the skills of your response. 2) Evaluate the options available to Global Source to allocate its sales resources Option 1 : Continue aggressive account acquisition.

Expanding the account base is always a clear idea to gain more revenues.

As described before, it is important for Global Source to first create a clear focus about their main activities, which potential clients to approach and to make the acquisition possibility of attracting the Department of Veterans

Affairs. However, the negotiations are lengthy as it already takes six months, the process is bureaucratic and laborious, it might take some months more, and finally it is at the expense of less time available for international recruitment (their former core activity).

Especially considering this last aspect makes this option vague and tricky because Global Source does not have any guarantee it will succeed while their domestic activities does not include any sustainable competitive advantage. Furthermore, you will compete with the rising amount of competitors (meaning lower margin levels because of the starting price competition), while hospitals are reducing their outsourcing activities and do more of their own recruitment.

Therefore, I do not consider it as a good idea in this format. Option 2: Penetrate existing accounts The second option focuses on expanding the relationship with current customers as there is plenty of room for further developments. However, hospitals are quite loyal to their vendor once settled a contract. Therefore, Global Sources experiences troubles, as few openings are possible while most of the time is spent on making sales calls to new prospects. Furthermore, the company is not able to fill the openings that come up.

The CEO is fearing currently the trend of vendor centralization where clients gain more power because of the intense competition and current environment. For Global Sources it means that renewing contracts can only be accomplished at lower billing rates. To deal with this emerging trend and increasing the number of placements at each hospital, salespeople have to

spend more time on relationship building activities. In addition, it is necessary to ramp up the domestic recruitment so that personnel is available to fill Job openings.

For international recruitment, sales people should focus on building trust for obtaining larger orders. According to Global Sources current situation, it is possible to accomplish this option when the structure of the sales process is completely renewed. Getting rid of the fixed amount of cold calls is a prerequisite, while people should be rewarded by extending existing accounts. However, the option looks more realistic and secure in comparison with the first option. Global Source has to come up with ideas how to handle the intense competition, especially in the domestic market.

The extending relationships is not specific enough and remains quite vague.

Option 3: Cross-selling existing accounts Companies are using either domestic or international staffing services. As described before, it seems that there is no market for using both activities because no one uses domestic and international staffing simultaneously, even at a discount price. There is no demand for presenting both activities because companies do not feel comfortable dealing with one company for both activities.

Simplifying the process and educating them about potential benefits seems therefore in my opinion wasting valuable time and resources. The idea of up-selling existing international recruitment clients on domestic staffing sounds as an interesting idea. However, I would rather suggest to focus on the international market and try to arrange a collaboration with a domestic player to realize some add-on selling (by splitting the revenues). 3) What

option would you recommend to pursue? How would you implement it? I would not recommend any of the fixed option to the CEO.

However, a combination of actually follow. A focus of only customer retention, customer acquisition or add-on selling is not the best way of optimizing equity (Blather, Get and Thomas, 2001). However, it is the challenge for Global Source to find an appropriate balance between these here types of activities for realizing an optimal customer equity. As stated before, I should start with creating a clear focus which direction you want to go as company. Global Source is with their current activities kind of ' stuck in the middle'.

They are not performing excellent on either domestic or international recruitment. Based on previous mentioned arguments in the first section, I suggest focusing purely on international recruitment. In addition, most of the trends in the environment are affecting especially the domestic market like the vendor rationalization process and he trend that hospitals do more often their own recruitment. Furthermore, a clear segmentation is necessary which customers for international recruitment activities you want to approach.

Focusing on medium- and large hospitals seems appropriate in this case as especially smaller companies are struggling with the current budget cuts by medical insurances. Furthermore, I assume that large hospitals are more interested in international personnel than only small hospitals because of the higher costs included. Finally, it makes sense to maintain the nationwide account acquisition tragedy because of the high possible potential customers

of 5764 in the United States (although it is not given how many of these hospitals are medium or large sized).

Budget should be created for more personal contact as most of the potential customers do not want to fulfill the sales process by phone. Considering a second small location might be mandatory to overcome the large travel distances in the US, although this is a more expensive option in the short-term. After having clear the focus and long-term strategy of Global Source can concentrate on their main activities. First extending their acquisition strategy, but now in a focused way with potential customers that are interested in having a steady stream of international healthcare personnel.

The focus can help to become more effective in cold calling processes, which should lead to a higher conversation rate than the one percentage it is now. Furthermore, time is saved for other activities related to customer attention. As trust is very important for companies in the international domain, personal contact is important to prove your long-term commitment. A possible way to show your credibility is by arranging long-term interact with customers while these customers have a possibility of canceling the contract within the three months when they are not content about the results.

As you focus on large companies, which nowadays deal with more than one vendor there is an opportunity to increase the sales within your existing customers because the trend is going on that hospitals prefer only one reliable vendor to cut billing and administration costs. Finally, cross-selling existing accounts is possible when Global Source consider the possibility of starting a strategic alliance with a company that is peccadillo in domestic

recruitment (and not active or planning to be active in international recruitment).

The case suggests that it is fairly easy to up-sell existing international recruitment client on domestic staffing. By agreeing about the deviation of the revenues, as you bring new customers while they do the domestic activities, it can overcome the short-term problems of a shortage of cash flow.