



New Business Talent

INSIGHT ARTICLE

Creds are Dead!

Agency officionado and published author of 'Growing Your Business', Kevin Duncan, answers an anonymous question from one of our readers asking for a prescription for growth.



Agency aficionado and published author of 'Growing Your Business', Kevin Duncan, answers an anonymous question from one of our readers asking for a prescription for growth.

Question: Viagra for small creative shops? Despite extensive research via the back pages of the Sunday supplements and Viz, I have failed to find an easy to swallow solution for my award-winning agency. Perhaps there is an alternative to help maintain steady growth? Frustrated, London ad agency

Kevin answers: A couple of observations before we begin. Firstly, the fact that you desire steady growth suggests that your agency is reasonably small – perhaps between 15 and 50 people, and certainly smaller than 100. Agencies over that size tend to be looking for 10-20% a year unless they are still in launch mode.

Secondly, you use the term award-winning, which betrays one of the biggest problems that many prospective clients have with ad agencies – that their first thought may be for the awards they will win, rather than the sales effect that will benefit the client. We will discuss this more a little later.

Let's begin with a nasty question: Is this really a new business problem or is it just a business problem? Far too many agencies look to new business as a panacea to offset other problems. For example, look at your current client base. If existing work is falling out of the leaky bucket then you could generate a much higher margin by improving client retention than you would by winning new business, which is a much more expensive activity. (It is not uncommon for the cost of acquisition to eat up the whole of the first year's margin).

But let's assume that your creative work, strategic skills and account handling is spot on and instead ask another question: Why do you need steady growth? There can be only three answers:

- 1) Actually, we do need to replace clients that leave**
- 2) We are owned by someone else and they keep demanding growth**
- 3) We are independent but want to grow to sell**

I am guessing from your question that your circumstances are a mixture of 1 and 3, so let's look at what you can do to grow. Here are two of the least costly methods:

1. Look at the Long Tail

2. Organic may be better than orgasmic

Let me explain. Draw your client income on a bar chart with your most lucrative clients on the left and the tiddlers trailing off to the right. If you have a Long Tail of low spending or low margin clients, then you need to resign their business. This will increase your margin, liberate your time to find better clients, and demonstrate to prospective buyers that you know how to run a lean, high margin business.

The second idea, organic growth, is practically free in relation to the high cost of pitching. Imbue a new business spirit in all your people and actively ask satisfied clients whether there is more you can do for them.

If you really do conclude that it is brand new business that you require, then try to approach it with a clear head. Too many agencies vacillate between pursuing hundreds of leads on the one hand, and nothing but accepting random phone calls from unscreened prospects on the other. Neither works very well. Try some of these approaches instead:

1. Two good wins will do

Talk to any agency owner and they will tell you that two decent wins per year will make it a good one. You just need to clarify what types of account they are and pursue them vigorously. Meanwhile, decline everything that does not fit the bill.

2. One in a row

Celebrating one in a row is a lost art. You don't need a relentless series of wins to have a successful year. Explain this to your staff and make a big deal of saying what you are after, of getting it, and of celebrating it.

3. Creds are dead

There is no point in chasing credentials meetings for their own sake. Most clients now do this online or via an intermediary such as the AAR or Haystack. No one is really interested in listening to you drone on about your achievements. They want to know whether you can fix their business problems.



Contact us: 0207 195 1691
info@inhousenetwork.co.uk
www.inhousenetwork.co.uk

Contrary to the suggestion in the question, most clients and prospects don't give a monkey's about awards. They're great for the ego and may possibly help you to attract better creative staff, but that's about it. They are more likely to be interested in questions such as whether you have good strategic capability and can talk sensibly about disciplines other than advertising.

Sadly, there is no new business pill that you can swallow and there is no easy solution. Start by looking at your own business first and fix what you don't like. Appropriate changes could yield as much profit in a year as any new business programme.

Good luck with it.
kevinduncan@expertadvice.co.uk
www.expertadviceonline.com