New Business: There Are No Magic Bullets, Just Basic Tenets

Let's start with a few agency facts of life.

1. Sooner or later an agency loses all its accounts
2. Having a steady stream of new clients is imperative
3. Most agencies treat new business as a stepchild because it's not billable and pays off only sporadically
4. No one technique is consistently dependable
5. There are no new business magic bullets

It's a crap shoot really. The ones you're sure you'll land slip away. . . and then sometimes a terrific new account materializes from nowhere! Worse, the gap between effort and expense and actually *getting* a new account is often so large it can look like there's no linkage whatsoever.

What exactly are the rules of this game anyway?

One more fact: There aren't any uninfringeable rules. That's why it's essential you get as many things arranged in your favor as possible. The place to start is to eliminate being a victim of circumstance.

Choose your clients before they choose you

You'll dramatically improve your chances for success – and make your agency healthier and your life easier in the long run – by ruthlessly qualifying each prospect at the earliest possible stage of the romance.

Too often agencies, like people, end up with exactly the wrong partner. Many firms go astray because they're temporarily blinded in much the way a lovesick teenager loses touch with reality, except in our world the notion of additional billing is what bedazzles. Sound judgment flies out the window and the chase itself becomes the goal, taking on a life of its own.

You can avoid much unnecessary expense and heartbreak pursuing only those prospects which are *right* for your agency. You'll need a cool head and a systematic objective approach we call Client Profiling.

Building a Client Profile

Do you know exactly what the proper client is for your agency?

To find out, create a Client Profile by listing the ideal client's attributes. Down the left column of a piece of paper write all the positives of your most loved account. What exactly makes it so great? Down the right column list the issues which make your more difficult clients undesirable. Be brutally frank – if you're going to enjoy terrific business relationships you've got to know exactly what you're looking for.

Keep your Client Profile handy and always reread it before chasing after a prospect. You *must* know what works and what doesn't if you're gong to stock your agency with non-toxic new clients.

Otherwise it's too easy to get seduced when a potential new customer calls. And that's exactly the right word, isn't it? Seduced. You're flattered, excited, and maybe not thinking all that clearly when an out-of-the-blue prospect makes contact. Knowing exactly what you want is the best way to avoid making a decision based solely on emotions and ego.

Let's get more specific. Before you start buying too many meals, doing spec creative, or taking them to New York for a weekend of shows, you need to clearly understand a prospect's:

Level of need
Type of need
Type of client
Purchasing power
Spending authority
Chemistry

Level of Need

How urgently does the candidate need your services? How serious are they? Sometimes prospects casually shop around because they like being schmoozed and fawned over. You know the type. Can you afford to spend a lot of time and money on these folks?

On the other hand, some situations require a long courtship. Understand up front what kind of need the prospect has. You want serious players, clients with a genuine requirement for your services *now*.

This is not the time to be shy! *Ask* what their specific intentions and needs are. They won't be offended when you want to hear their expectations – you'll flatter them and in the process learn if they're live ones. It's more important at this early stage to qualify them than for them to qualify you.

Type of Need

Precisely what do they need?

Do they want a new AOR (agency of record) or just a fresh idea for a small project? Is this a big rebranding push with ongoing work? Or do they just want an invitation designed for an open house and that's it. You gotta' know!
This is serious stuff and often where fatal delusions begin. Steel yourself to make an executive decision based on how well they fit your Client Profile template.

Here's an example. If someone wants dealer communication packages for the aftermarket truck parts field but your strengths are consumer radio and TV, it might be prudent to decline gracefully. Don't be like the bunny rabbit who excelled at scampering but suddenly tried to swim like a frog – it isn't going to be easy and it could be dangerous.

Stay with what you do well. Notice I didn't say *want* to do well. Agencies get in a lot of trouble pretending they're good at something they have no experience in. Someone get a towel for that rabbit please.

The best reason to understand the prospect's real need is so you'll know whether you'll make or lose money servicing them.

Rate them high if they need something you normally provide with healthy margins. If it's something you *could* do but usually don't, rate them lower. Sure, there may be occasions when it would pay to create specialized services if they come aboard, but you'll make more profit faster with less heartburn if you're already equipped to profitably do the kind of work they require.

Obvious? Of course. But when we get called to diagnose misaligned relationships and inquire if the agency considered these elementary issues, there's often a lot of foot-shuffling and finger-pointing.

Type of Client Business

Years ago in a mid-Atlantic agency we landed a major regional grocery store account. Problem was the agency had a long list of *corporate* business and had never had a price-change-a-minute retail client. The rumor was we lost more money in the first 90 days on that one account than the entire agency generated the previous 6 months. We simply weren't able to pump out down 'n' dirty inserts, print, and radio that had to be changed daily. . . and still make a profit.

So the next question to answer before running after another logo for your client list is, *Is this a business or market we really know?*

You may be comfortable in banking or hospitality but not so at ease in automotive TBA, cosmetics, or packaged goods. . . even though these are desirable as you stretch to grow your experience base. Generally, if you don't have the experience and track record in a client's industry, it will cause problems later on.

Not saying here you shouldn't safari into new territory – agencies do that successfully all the time, but be prepared to spend a lot of money learning an industry and maybe even paying handsomely for ignorance (like the agency which won an ag account and in its first ad referred to livestock hide as "fur").

Always pause to reflect before jumping into water of uncertain depth.

Client Purchasing Power

Will they need supplemental oxygen when they get your bills?

What's important here is if they are accustomed to paying the kind of money you charge so your invoices aren't an unswallowable surprise.

Obviously those who can barely afford your fees are going to be troublesome – they'll flinch when they get your bills no matter how great the work is, questioning every charge, sending invoices back, and slowing up payment. Soon the relationship grows adversarial and begins to crumble. This is an even bigger problem with a client that's never had a real agency before. Think twice about taking on a marketing virgin because training a greenhorn may drive you nuts and devastate margins. Let your competitor down the street pay the initiation dues.

And while we're on the subject of money, don't overlook who OKs the bills.

Buying Authority

Always know where you are in the client food chain.

Will you be doing business with the decision maker – the person who signs the checks? Or does everything have to be reviewed two or three levels above your daily contact. Buying power and inside clout should rate high – lower your assessment of a potential account if there's a long chain of approvals for minor expenditures. All too often agencies enter potential client organizations way below the decision-making waterline.

You need to know and understand buying authority protocols up front so you can accurately calculate operating costs and service dynamics. The best advice here is have contact with the true decision makers from the get-go.

OK, managing the numbers is pretty much black and white, but there's a much more imprecise area to explore.

Chemistry

When an agency continually comes in second ("It was a tough decision but in the end we picked the other agency…"), we sometimes interview the client to uncover mistakes the runner-up may have inadvertently made. Guess what? There are very few categorical errors. Instead almost always we hear that the "chemistry" was wrong.

Save yourself a lot of trouble by asking early on, *Are these our kind of folks?*

You know "your" kind of people. But if you rationalize that if they spend what they say they will you can learn to LOVE these jerks, well, you could end up being cursed by getting exactly what you wish for.

Don't ignore the flashing lights and sirens shrieking in your head if you feel uncomfortable about the people who may become your next account. Those signals are part of an ancient process of threat alert designed to keep your backside out of the jaws of mammoths. Take heed!

Selecting the kind of accounts best suited for your firm is like buying clothes – know your size, the style you like, and the cost. And whenever possible choose a truly durable fabric.

Create and use a Client Profile and discuss with your executive group or new business team how the candidate client fits *before* you saddle up. Remember, you're always better off picking your clients than working only for the ones who pick you. *[If you'd like a handy scoring sheet to rate the suitability of potential clients, send an e-mail requesting **Grant's Client Profile Screening Tool** to joe@joegrantconsulting.com and we'll gladly send it at no charge]*

Organizing for the Hunt

OK, so you know the kind of clients you want and how to screen for them, but what's the best way to organize for new business?

Should you have a full-time new business director, use a "Spark and Torch" process, or perhaps create a special new business team? And if you're an agency principal, what's your role in all this?

Let's look at some typical ways agencies structure for the chase.

New Business Rainmaker

A rainmaker is someone who's an expert at netting lucrative accounts. They usually have a bag of promotional and interpersonal skills suited to cold calling and relationship building and a Palm bursting with contacts.

Hire one if (a) you have the cash, (b) you can find a good one and (c) you're sure it will pay off.

It used to be these types would command a king's ransom with fat commissions tied to landing juicy accounts. Like Old West gunslingers, there aren't that many of these guys around any more (for an enlightening read about a successful rainmaker's adventures, get a copy of *Life's a Pitch Then You Buy* by Don Peppers, who was a business development executive at Chiat/Day and Lintas and also co-authored *The One to One Future*).

The biggest plus to making one person solely responsible for securing new clients is you'll get dedicated focus unencumbered by day-to-day account exigencies.

The downside is that most agencies hire ineffective new business directors or worse, appoint someone ill-equipped for the role simply because they don't know what else to do with him or her. An AE won't always a productive rainmaker make.

New business directors from the outside can be expensive. You can burn through lots of cash waiting for even a little drizzle from your rainmaker. How long can you afford to fund an unbillable salary for someone who's picking up a lot of lunch checks?

I'm not saying you shouldn't have a new business beagle – they can pay off big time – just make sure you understand what you're getting into.
If the new business person is primarily an appointment-getter ("She'll get us in the door and then our best people will do the rest"), then you've actually got a "Spark."

Spark & Torch

An eager-beaver assistant who's good on the phone (maybe an intern?), makes cold calls all day to a database of leads. When there's a "spark" i.e. a little interest on the other end of the line, an appointment is made for the "torch" (a senior staffer) to introduce the agency's skills in person.

Spark and Torch is basically a numbers game – you start with a huge amount of potentials, put them in the hopper, and they funnel down into legitimate leads (we hope) which you make appointments to see. Not much different really than running down the phonebook.

Many agencies try it, exhausting both sparks and databases. It's easy to confuse activity with meaningful results and though this is a relatively inexpensive approach, if the spark is too much the go-getter and the leads aren't properly qualified, the torch will spend weeks driving from appointment to appointment with little to show for it but gas receipts.

There's another issue. With junior level sparks making the first contact, if you were a marketing VP, business unit GM, or CEO/owner of a business, wouldn't you be a little miffed if the president of an agency desiring your business didn't take the time *herself* to call?
But hey, if Spark and Torch delivers the results you want, be pragmatic: if it's working – delivering accounts right for your agency - keep doing it.

New Business Teams

Many agencies use a team approach.

There are several positives to new business teams. Peer pressure can keep the process moving, the work gets divvied up, the team understands the agency's unique attributes and can present them with clarity and passion, and it may be easier to keep things on the front burner when several people are involved.

On the other hand it can distract from "regular" work. And when a new account comes in the boat, hand off from the pitch team can get sticky – who has the new client been told will guide their business? As you know, sales folks have been known to over-promise. . .

Don't automatically make the senior team the new business team. They may not be the kind of organizers, pushers, and take-no-prisoners types to get the job done. Or they won't have the time to do what's required. If you want results, stock this team with only your most effective people regardless of rank.

Something else to remember: they've got to meet *frequently*. Don't expect much from this group if they gather only once a month.

We helped an agency dramatically turn things around once by demanding the new business team meet DAILY at 8:00 am for thirty minutes five days a week. You should have heard the whining and moaning! But it was like turning up the gas under a pot, and soon the water began to boil. Things like a PowerPoint capabilities presentation, a direct mail campaign, and collateral sell pieces came rocketing from the shadows.

Yes, some good accounts materialized. I'm convinced they wouldn't have if they continued to mumble along in those ineffective once-a-month meetings.

What's Your Role?

If you own the place or your name's on the door, *you* are the ideal person to lead the new business effort.

Who knows the place better than you? Who can get things done faster, authorize expenditures, or quickly mobilize resources when the heat's on?

Surprisingly, a lot of agency honchos purposely avoid new business.

Excuses range from “I hate selling” (isn’t our business all about persuasion?), “I’m too busy” (what’s a bigger priority than growing revenue by adding new customers?) or “I’ve got to run the inside things.” Without new accounts, what’s going to be left to run?!

If you want new business to be a successful ongoing effort at your agency, make it your priority. Demonstrate its importance with your active involvement. If you have a new business director, he or she should report directly to you. If it’s Spark and Torch, *you’re* the torch. If you have a new business team, either lead it or play a very assiduous role.

What We Know For Sure

After reading this far you may be disappointed indeed that there are no new business magic bullets.

Well, actually there are few new business principles which we believe are inviolable:

1. Whatever you’re doing to attract new clients, keep doing it even if it appears not to be working

Why? Because you’ll never know for sure what works and what doesn’t. Ask any agency coming off a successful run of signing up new clients and they’ll tell you they didn’t *dare* stop anything they were doing. Questing for new clients is fundamentally synergistic with the combined efforts being greater than the parts.

2. Perseverance is more important than using the “best” method

Like playing the market, having a system and sticking with it pays off better than trying a series of herky-jerky experiments. Think of it like piloting the QE2 – making the decision to turn is easy but holding steady until the ship comes around takes courage and conviction.

3. The perfect is the enemy of the good

If you wait to get everything just right, you’ll lose the race. You’re better off sending a series of intelligent letters on plain stationery than stressing over crafting the perfect and expensive capabilities brochure. Who reads those things besides you anyway? We know an agency that completely stopped marketing themselves for more than a year because they couldn’t complete their agency brochure! That’s dumb, but I’ll bet they aren’t the only ones. It’s not so much *what* you do as it is that you’re *doing*.

Which brings us to a final and perplexing axiom.

4. Concentrated efforts yield unrelated results from unexpected areas

Most new accounts materialize not because of a specific mailing or collateral piece but instead – because you’re doing those things – the universe somehow rewards the effort with an opportunity from an unanticipated quarter. You’re pushing in one direction and amazingly something pops up from an entirely different place, like squeezing a balloon at one end and seeing the other grow larger. It’s an energy transfer of some sort. I can't say with impunity that this phenomenon is as immutable as gravity, but ask anybody who's been in the business long enough and they'll say it comes pretty close.

If you consult the Agency Owner's Manual you received when you started your company (!) you'll find there isn't much there about how to get new clients. Yet the reason you're in business is to have clients, right? Without them you're *out* of business.

So as we like to say:

New business is not a life or death matter –
It's more important than that!