

Tough Times in The Agency Business What Do We Do Now?

Programs on hold, budgets chopped, accounts shaky. If you're an agency principal, it's harder to sleep at night, right? Even though you can't single-handedly change the economy, there are things you can do to make a difference about how you emerge from this "soft landing" . . .

How long will this agony last?

If we start to pull out of this "it's-not-a-recession-yet" in the 2nd half, don't look for dollars to fill your cash drawer until the end of the 4th quarter. Expect to log lots of start-up hours that you won't get paid for until early '04. And be prepared to give away plenty of up-front time.

OK, but I worry about billable time

Don't. In times like these you must demonstrate value with little regard to give-away hours because the price/value equation comes under much greater scrutiny when things are tight. This is exactly the right time to prove your value with lots of extras. Otherwise your fees might appear too rich and (gasp) your client will go elsewhere. Value by definition is about perception – you don't want to look chintzy.

Think about what you do chasing a new account. It's damn the torpedoes, put in the time and spend whatever it takes to get it! You do that because it's an investment in a future relationship with presumed imminent profitability. If you want to come out of this period healthy and thriving in '04, forget all those thumbnail formulas and ratios about billable time. Instead vigorously invest what you already have lots of that the pipsqueak start-ups who are likely to pop up and gnaw at your account roster don't have: big-idea brainpower, smart proven solutions, and the seasoned skills of your staff. Give your clients so much good stuff they won't even think of defecting.

We already give our clients terrific service

Perhaps, but many clients tell us in satisfaction surveys that they're not getting enough of the

"basics." Here are a couple of blazingly obvious but often overlooked tips:

Communicate better – fax or email status reports weekly, deliver written meeting notes within 24 hours, don't hide behind voicemail, return all calls in 90 minutes or less, make sure everybody on the client team knows everything all the time. And please make sure memos and letters leaving your place are well written and understandable. Duh. They represent you, and you'd be surprised how many clients complain about how painful it is to read the dreadfully written things they get from their agencies.

Ask them – clients know precisely what they like and don't like about you. Your job is to understand where they think you need to improve and what would make them happier. Don't be afraid to ask them! If you know their true expectations then you can work to meet them or else you should resign the business. . . otherwise you're just going to lose money and burn through people. Get them to tell you *exactly* what they want – unexpressed expectations are nothing more than planned resentments, and eventually lead to lost clients.

The lines of communications have to be open. **Do not** depend on the day-to-day contact people to convey objective observations. By the very nature of their position between the client and the agency they can't help but be biased – one way or the other.

So it's all about adding value, huh?

Exactly. It's the little things, except they don't appear so little to the client. Clients tell us their agencies don't *think* enough. Share your insights,

recommendations, points-of-view, competitive data, and your take on industry trends. Lard every client interaction with substance. You certainly believe that an agency is a hothouse for ideas, right? Then incubate them and give as many away as you can so your clients recognize that you're truly a valuable partner.

Value is what distances agencies from being just order-takers. If you provide constant value you'll squelch most of the whining about price, too.

All we really need is a fat new account and our troubles would be over. . .

Sure, but that's hardly strategic. It's Band-Aid management that usually leads to trouble later on. Don't just run out and grab whatever low hanging fruit is left on the tree. That would be like a panicky client saying, "We have to run an ad, *any* kind of ad (We need a client, any client)."

For most agencies, new business becomes an urgent priority only during desperate times but those that prosper in both bad and good spells have a systematic thoughtful approach to acquiring new accounts. Learn from them. Take the time to build a strategic new business process, a machine, to yield clients appropriate to your agency's resources and talents for years to come. Think it through; put something together that can run itself in both lean and fat times. Then you won't have to chew so many Tums next time the economy burps.

Is now the time to let people go?

Of course that's impossible to answer without knowing your financial situation and the talent and skill levels of your staff. Nonetheless, here are a couple of thoughts.

First, make these kinds of decisions based on *impact*. Keep the people who have a positive impact on growing the kinds of accounts you want. Don't decide based on fear that if you get rid of the "key guy" on the business, the account will leave. Most of the time that's just the agency showing lack of confidence in itself. Do you mean to tell me that with all the people you employ in your "full service" agency, just one person is all that's keeping an account? Clients often spot marginal performers long before you and they'll thank you for relieving them of mediocre people they thought they were stuck with. Face it: the very fact

you're thinking about releasing someone suggests they may not have as much business value to the firm as others. This is business, after all – ask yourself what's best for the enterprise as a whole and the right decision will be obvious. Now all you need is the guts to do it!

Secondly, because we're going through a shakeout period I think it will be easier to find bodies when the good times start to roll again, so don't rationalize that you'll never be able to replace the people you discharge. Just do what needs to be done.

Maybe now would be a good time to take a look at our whole operation

You know the line about adversity being the mother of invention. When things start to turn sour for whatever reason, it's a signal that something has to change. Maybe you've been doing business the same way for too long. Maybe you've been riding the good times roller coaster with little thought that someday what goes up must come down. Perhaps your structure, your processes, your way of getting things done (or not) needs to change.

People come to Grant Consulting to help them get their agencies running right. We can help you put the management team on the same page, strengthen account relationships, crank up an effective easy-to-manage new business process, and make it fun again running your agency. After an objective look under the hood, we recommend a precise course of action to help get you unstuck so your agency runs better, makes more money, and so you'll be happier.

This is exactly the right time to do this sort of thing. Just call Joe Grant at 239/394-8220 and let's talk about it. No obligation, of course.

