How to grow your marketing agency

- delight clients and boost profits in tough times

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Can you shine in a crowded market?

No matter which niche your marketing agency is in, you'll be up against fresh competitors almost every week.

It's not just a feeling, it's a fact. Take a look at some of these figures from the 2011 DCMS Creative Industries Economic Estimates.

- In 2011, there were 106,700 creative enterprises in the UK

- Between 2009 and 2011, advertising enterprises grew in number from 13,930 to 16,010

- In 2010, 268,254 people were employed in advertising alone.

With more agencies out there, clients have more choice than ever. And with a huge choice of full service agencies and those specialising in digital, advertising, social media or other areas — there's no denying we're in a buyer's market.

That means good new clients are harder to come by, and current ones are harder to retain.

But it's not all doom and gloom. With a growing market comes opportunity — if your agency is willing to seize it. This guide is here to help you do that by:

- Maximising client revenues

- Improving client retention

- Growing your agency

- Creating an agile working environment

- Improving your internal processes

What do your clients want from you?

Don't wait for your clients to tell you what you're doing wrong — get in there first and ask them what you can do better.

Why?

Because your clients want you to.

A study of major agencies by Reardon Smith Whittaker asked clients what pushed them into searching for a new agency.

The top three reasons were:

1) Unhappiness with their agency's approach
2) Dissatisfaction with creative work
3) Not being proactive enough.

If you've been in the agency world long enough, you'll know there's a thread that connects all three of these factors.

Communication

- It's communication that helps clients understand your approach, what is happening with their project and when – thanks to clear reporting and transparent working processes

- It's communication that helps them understand your creative direction and allows them to get involved in shaping it

- And it's communication that's at the heart of being proactive, allowing you to create a full picture of their requirements before any competitor does.

Good communication helps you give clients the service they want and helps you achieve the results they need. And that, in turn, encourages them to stay with you — and recommend you to others.

But how do you go about it?

"Given the challenges clients are facing in light of the economy, they need agencies that can get up to speed quickly, add smart value-added thinking and are a trustworthy lot."

Mark Sneider,
MD, Reardon Smith Whittaker

What do the clients say?

A recent study by an American company specialising in collaboration found that 38% of clients have decided not to give business to an agency because it didn't have good enough tools for managing the account's work and communications.

That's a wake up call if project management and client communications aren't your agency's strongest assets.

A CMO Council survey recently found that only 36% of marketers are committed to staying with their current agency this year. What are you doing to retain the 64% who might start looking elsewhere?

But what is it that clients value from good management and communications? If we know the answers to those questions, they can help us focus our efforts in the right place.

The answer comes from the same study. Where respondents worked with an agency that had effective systems and processes in place, clients said they valued the following things:

• Better project management (60%)

• Faster project completion (53%)

• Visibility of progress & results (44%)

Interestingly, when agencies got their systems and processes right, they not only improved their project lead times — but improved client satisfaction.

So, the message is clear — improve your project management and communications and you and your clients will achieve more together, strengthen your working relationship and make it last longer.

Communication that keeps clients keen

Clients want better project management and communications — and few are committed to staying with their agency, especially if they feel it's not being proactive enough.

Help! What can I do about it?

Doing nothing isn't an option. As we all know, it costs you five times more to recruit a new client than it does to keep a current one.

So how can we give clients what they want?

The first step is to overcome the obstacles that prevent you delivering the project management they're asking for — and then to find ways of delivering the proactive relationship they're looking for.

That means seeing project management through your clients' eyes. Turn the page to get started.

"It's five times cheaper to keep a client than to get a new one"

US Office of Consumer Affairs

Seeing project management through your clients' eyes

Good communication is the essence of effective project management.

Clients also expect it. When communication is clear and open, it builds trust, helps both parties manage expectations and makes it easier for you to coordinate project work with your colleagues.

But where many agencies go wrong is by failing to see their project management processes through the eyes of their clients.

Asking the client is always the best first step, but in our experience these are the main communication sticking points you need to address if you want to develop lasting, loyal client relationships.

"Projects are executed by humans. And humans must interact."

Alistair Cockburn
& Jim Highsmith, 2004

Sticking point 1:
Clients feel out of the loop

It's easy to get wrapped up in a project and forget that your client doesn't know as much about it as you do.

For example, you might allocate your team 10 days for creative development and plan to show your client the results at the end of that time.

You may not think there's anything to update your client with during that period. But what if you were in the client's position?

If you take the client's view in this way, you might conclude that you'd like:

- Regular contact to assure you the project is going well

- An opportunity to collaborate in the creative development

- Occasional requests for additional information

Even when there's nothing to communicate, most clients appreciate the reassurance of regular contact. Keep them in the loop and you can spot and address their concerns as they occur.

The only problem is that, even with a dedicated client manager, giving clients daily updates can be time consuming and expensive — and you won't be popular if these add significantly to the cost of the project.

The key is to find out from the outset how often your client expects to be updated, and then find the most appropriate way of doing it, whether by phone, email or a shared project management system.

Sticking point 2: Clients don't understand how you work

One of the biggest challenges modern marketing agencies face is one of working transparently with clients.

Transparency throughout the project process has benefits for both your agency and your clients — clients appreciate the insight into the way you work, and it can improve both project performance and productivity.

The question you need to ask is what information you need to share with clients, and what you need to keep private.

Stong client relationships are characterised by regular communication, transparency, clarity and directness

You'll probably find that your agency team and your clients need to see files at different stages of development, but that you still need a common repository for them. If that's the case you need to ensure you have a shared system that has different access or visibility preferences, depending on the user.

That way, you can keep your working notes invisible to your client, but make sure they have full access to all drafts and resources. This will allow them to revisit different stages of the project for ideas and inspiration, but won't burden them with unnecessary detail.

Sticking point 3:
Communications breakdowns and client misunderstandings

The larger and more fluid your project team and the more members of your client's team, the greater the chance for communications breakdowns.

On the positive side, giving clients direct access to team members can stimulate greater creativity and ensure the client can refine work in close conjunction with the relevant people.

The drawback is that the more points of contact you have, the more opportunities there are for communications to go awry or break down. People can end up working from different versions of the same files, updates can land in spam folders, calls can get missed and not acted on.

And once problems start, they can quickly proliferate.

The way to solve them is to make sure that your project and client management systems log details of all communication, updates, and edits and changes to files — giving you a full audit trail of work.

This also helps you manage fluid working teams, where new team members on your or the client's side may get introduced half-way through the project. All information is up to date and can be found in one place.

But whatever system you do choose or develop, make sure your clients understand how it works or you can quickly find yourself back at square one.

Sticking point 4: Meeting and beating client deadlines

Poor communications not only make it more likely you'll miss deadlines, they deliver a worse problem.

When clients don't know that a project is running into trouble, the missed deadline can catch them unaware — and can cause resentment, or even damage to their business.

While many companies use agency software to keep tasks on track, this is usually for internal use. If you want to avoid problems, keep your client informed and onside — find a way of giving them access to project progress, milestones and setbacks.

Beware! Client relationship flashpoints

- *Unclear project objectives*

- *Misunderstood briefs*

- *Insufficient communication*

- *No audit trail of documents*

- *Lack of transparency — clients kept in the dark*

- *Email overload*

- *Missed deadlines*

Offering your clients something extra…

We've looked at ways of managing your relationships with your clients. Working well together is what stops them leaving, right?

Yes. And no.

While it's vital to have relationships that are based on clear communications and transparent project management, you need to be thinking about these as a baseline service.

The real benefits are using the new systems you develop to offer extra value to your clients. That's what turns customer satisfaction into customer loyalty.

These are some of the ways you can do it.

Idea 1: Tap into a new pool of resources

You've got some seriously talented people on your team, but your client is starting to complain that that your work doesn't have the same power to delight or surprise that it used to.

Yes. The curse of familiarity is rearing its ugly head.

The simple solution is to bring in freelance talent to add new fizz into the resource mix. The problem is doing it in a way that doesn't make your client think you lack that talent in-house.

If you develop the right project management and communications systems, you can find ways of allowing your freelancers to work alongside your in-house team, whether they're sitting at a desk in another town or even continent.

With the right technology you can fully integrate them into the project process, and your clients will benefit from an even greater pool of talent that you have in-house, giving them additional reasons to stay with you.

Idea 2: Work as an 'extension' to your client's marketing department

Your new systems have been designed to make it easier to work with your clients when they come to you for a project.

So why not do the logical thing and take the systems to your clients?

If you do, it not only means you can work more closely and productively with your own team — but you can work just as productively with your clients' marketing departments as and when they need you. Importantly, if you are embedded into your client's working practices in this way, it makes it much more difficult for your rivals to supplant you.

By acting as an extension to your client's marketing department, you can quickly find your agency being entrusted with additional projects — driving up your profitability.

Working in this way is also a great offer for prospective clients. It gives them access to an expanded marketing team as and when they need it, without having to hire new, full-time staff.

Idea 3: Develop new project ideas with your clients

You've developed two-way communications with your clients, and they're more closely involved at every step of the project.

You've also created the perfect conditions to run ideas for new campaigns past them, and to collaborate together on their development.

Stronger relationships result in stronger trust. And because clients are more likely to back ideas they've helped to develop, your enlightened approach to communications and project management can result in a steady stream of new campaigns and client requirements.

Get efficient, work smarter, profit more

When you improve the way you communicate and work with your clients, you also improve the way your team members work with each other.

Use this to your advantage — make your internal working practices more efficient too.

This is crucial at a time when marketing agency profits are at a record low and many are looking for smarter working practices that can deliver better margins.

Here are two more ideas to help you streamline your processes and enjoy greater efficiencies

Idea 1: Joined up working

No matter how large or small your agency, it can be hard to manage your creative teams. You may have copywriters in one place, designers in another and digital experts working away in the place they seem to like best — a dark and rather poky basement.

At the other end of the scale, if you're a small agency you probably have team members who work part-time, at home or on a freelance basis. Getting them round the same table can be a major challenge, and not one for the faint hearted!

In 2011, the profitability of UK marketing agencies hit a record low. Average profits halved to just 5.43%, down from 11.63% in 2010

Kingston Smith

Use the systems and technology you have developed to work more effectively with your clients to work more effectively with team members in different locations.

Once you do that, you can gain an organisation-wide view on the progress of all projects, collaborate to develop internal policies, work together on your own marketing and much more.

Joined up working gives your agency a clearer direction, and the productivity benefits can be quite outstanding.

Idea 2: Reduced turnaround and billing time

You've seen how both clients and agencies find that transparent, collaborative working makes project completion quicker.

Your clients have access to project milestones and progress, and problems are identified early on — ensuring you can get things back on track quickly.

This allows you to turn projects round faster, resulting in better margins for you and more satisfied clients. And as you grow, you need fewer teams to service more clients — giving you profit-boosting economies of scale.

Other ideas

These are some of the innovations agencies have adopted to improve their working practices and profit margins.

- Shared asset libraries for images, designs and copy

- Agency-wide 'swipe files' — online collections of great work for inspiration

- Managing freelancers' availability and progress

- Policies and procedures — shared libraries of company policies and documents.

Attracting new clients

It might be cheaper to retain clients than it is to win them, but the secret to agency growth is attracting the right kind of account.

As the size and reputation of your clients increase, the easier it becomes to attract accounts — people like to be associated with your success.

The average business loses 50% of its clients over 5 years.

Harvard Business Review

But how do you position yourself to start winning that next tier of business?

The quality of your work is the clincher, of course. But in a competitive market, it also matters what added value you can bring to the client relationship.

These are our three top ideas for bringing that bit extra to the table.

Idea 1: Working across borders

We're in a global market and English is the business lingua franca.

Whether you're a large agency or a small one, you can draw on the best talent in your home country or overseas — creating the most gifted teams from in-house and freelance creatives as needed.

Use technology to work effectively with clients in any country, regardless of location of time zone. With the right systems and approach to communications, there's nothing to stop you targeting a client with a head office in the US, a marketing team in Germany and a sales department in London.

It's an approach that also reassures potential clients that you're used to working internationally — and that you've found a way of making the agency/client relationship as smooth and productive as possible.

Idea 2: Targeting new clients

As you've read through this guide, you've probably been struck by one major advantage with online collaboration.

Better communications and project management allow you to build your service around your client, in a way that makes them feel valued and using methods that get significant results.

If you can't sell that, you're in the wrong business.

What do I do next?

If you want your agency to grow, retain clients and deliver better margins, the key lies in addressing two related factors — client communications and transparent project management.

You've seen some of the ways you can improve both, but how do you effect change across the whole agency?

Every agency is different, but there are five steps you can take to get results.

We've put together this simple checklist to guide you through them.

Action 1: Put your clients in the loop — and keep them there

Clients love to feel included at all stages of a project. Even when there's little to communicate, a simple email, call or request for additional information can keep your relationship strong and allay any worries before they grow or fester.

So find ways to make regular contact with clients, give them as much visibility as you can of the project's progress and ensure they're updated whenever work is done— even if it's a note to tell them a creative session went well and they can expect visuals in a few days.

Important!

Staff and client support is essential if you want to make sure your adoption of online collaboration is successful.

Avoid collaboration software that forces you to completely change the way you do things. Instead, opt for an agile solution that adapts to the way you work — look for software that allows you to create template workspaces for common collaborative situations, and which lets you match the tools you need to any chosen context.

Or to put it more simply: choose software that simplifies your workflow, not a solution that gets in the way of it!

Action 2: Offer a clear approach to project working

Projects have a habit of spiralling off in different creative directions, which is great fun for any agency but can be worrying for clients.

Be sure to agree a project scope with clients at the outset and, if possible, give them access to any project management tools you use. Stick to deliverable dates, and if possible beat them. When clients know what to expect from you (and when) it takes much of the stress out of the process and keeps them on side. It also makes your working relationship more enjoyable — which is a major reason to come back to your agency time after time.

Action 3: Review your processes

Agencies quickly get in the habit of doing things in certain ways. The processes that grow out of these habits tend to suit the agency better than the client, though it's not always easy to spot this.

Conduct a review of all your major processes, both internal and external, and review them by asking two main questions.

1) Can we make this process deliver something extra for our clients?

2) Can we make this process more efficient without diluting the quality of service we're offering?

Get members of your team involved in this review. It will help you uncover many different working processes that need changing — and others that can serve as models of good practice.

Action 4: Look to new markets

When you have refined your processes and communications, look towards other markets. Do your new working practices make it easier to work with overseas clients, or to act as an extension to their marketing departments?

Also, are you now in a position to manage additional creative talent, drawing on a wider pool of freelancers? Or could you improve your margins by decentralising some core skills — without jeopardising client service?

Action 5: Research systems that support your efforts

Every time you change processes, look to see whether there are systems that can support your efforts. Ask yourself whether there are technical solutions that will help you share files, collaborate on projects, set milestones and measure progress, work more closely with clients and freelancers, systematise better communications or more.

However, before you invest in systems, be sure to compile an agency-wide checklist of the processes you need help with. If you match systems to those wider needs, you will avoid investing in many different systems with overlapping functions.

Finally, if you expect your clients to use any system, be sure to trial it first — it'll help you avoid potentially expensive mistakes.

A last word

According to the CMO Council, only a quarter of major client marketers have developed formal guidelines for client/agency relationship management.

That means you can not only beat your competition to drawing up better service levels for you clients — you can beat them to providing it.

Good luck!

Find out more…

The advice in this guide is based on the real-world challenges faced by modern marketing agencies.

It is brought to you by Kahootz, the UK online collaboration software experts who have been offering collaboration solutions to organisations since 2002.

Find out more about our work.
Visit **www.kahootz.com** today.

*For more information about Kahootz
and to sign up for a FREE trial please visit:*
kahootz.com

If it's collaborative, it's in Kahootz