



Bylined Article: Marketing & Advertising: Generating New Business

What? An Expert at Business Development? I Thought I was Supposed to be an Expert Creative!

By Mark Sneider, Managing Director, RSW US.

More and more advertising, public relations, graphics and interactive agency principals are slowly but surely arriving at the same conclusion their clients arrived at long ago – that trying to be expert in things that aren't core to their offering is a drain on resources, highly cost inefficient, and just plain wrong. That's why agencies work so hard to convince their clients to outsource their marketing communications activities to an expert agency.

Companies like Procter & Gamble have moved entire departments into an outsourced mode. Large pharmaceutical companies outsource much of their detailing and selling efforts. Increasingly, we're seeing advertising agencies hiring public relations agencies, or even outsourcing certain areas typically considered part of an integrated company because of the need to be more streamlined and carry less overhead. All good agencies have to outsource to an expert at some point – as only a fool knows everything. Overhead eats profits and no matter how "good" an agency is, there are significant price pressures being put on agencies to deliver greatness at a reduced cost.

Just as most agencies outsource printing or their phone system – it's just not efficient to do all things in house, and the professionals can most likely to do it better and in a more focused, methodical fashion. It's no different with business development.

So why do so many agency principals continually beat their heads against the wall trying to manage the complicated, politically charged and non core process of business development internally or try to do it themselves? Most agency executives got into the business because they were a strong creative, a proactive account manager, or perhaps a brilliant public relations professional. The effort of sales to attract more and better clients at a more strategic level takes focus off the agency, and in truth, focus off that which the agency principal likely enjoys or excels. Sales and business development takes focus, time, method, and a host of other attributes to be successful.

A recent study concluded that managing this effort internally is more often doomed for failure than it is likely to find the path to success. The complete RSW 2007 New Business Manager study is available for download at www.rswus.com/surveys.htm. The turnover and failure rate of a new business manager is staggering, and the reasons for the failure are predictable and consistent over a host of different types of agencies. New business managers brought into marketing service organizations have a tenure rivaling that of the dismal failure of the chief marketing officer. The failures stem from lack of focus, lack of proven methodology, lack of understanding of the ad/marketing marketplace, and financial pressures. And, with most agency executives stating that it is harder and harder to come by new business, why then does the creative director try to turn into the sales director. Internal "new business committees" are even less effective. Additionally, and much more frightening to the long term viability of an agency, most don't have ongoing

new business programs at all – they begin the hunt when they’re almost completely out of food.

And so few advertise? Hmm.

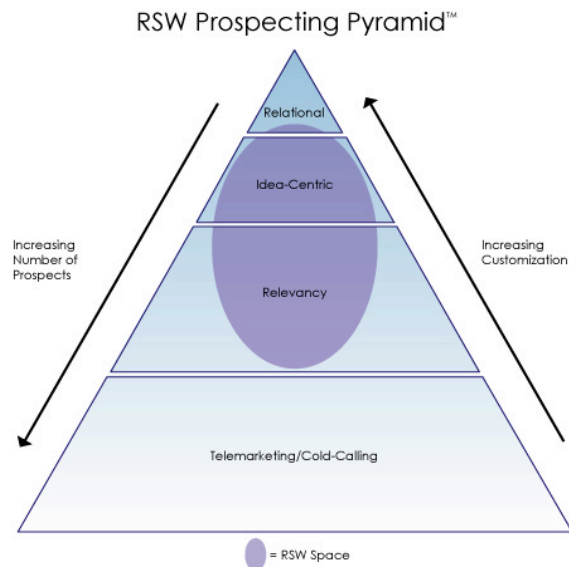
Old habit. Bad habit. Fear of a loss of control. “It’s always been done that way.” Funny, these are all phrases that make these same agency executives cringe when clients offer them. It’s a sad case of do as I say, not as I do, and this hypocrisy is causing well intentioned agencies to not just lose business, but to not gain good, solid and lasting business that is more aligned with the agency brand as a whole. And worse yet, most agencies are ill equipped to do their own marketing and collateral because of loss of objectivity, the political hot potato of internal marketing and public relations, and often times the over-creativity to the sacrifice of any strategic business value. I have witnessed some of the most creative, yet most absurd websites for agencies that have absolutely no strategic business use. Most importantly, a lack of time and of focus, keeps much of this from happening properly.

The thought leaders and early adopters are making the move to look to experts to handle this business, although only about 16 percent of agencies are currently outsourcing this non core competency.

A recent *Advertising Age* article indicated that one of the key ways to effectively capture the attention of CMOs, and win new business was to bring fresh ideas to the table. The RSW Agency/Client New Business Survey (also available at www.rswus.com/surveys.htm) found much the same, as a “lack of fresh ideas” was the overriding cause of why agencies lose or do not gain business. The article also suggested that CMOs need to do a better job of listening to agencies as they just might have an idea or two to share that is of value to their business.

All this is true – however one important point must be added. Prospecting is as much an aperture marketing game as it is a relevancy game. Today a prospect may be fine, but tomorrow they have a need, a need to change, or are no longer there – and someone else is looking to make a change. The million dollar question is, how does an agency manage at the level of bringing solid and strategic ideas proactively to the table, yet still create as many opportunities for themselves to win business.

Agencies need to find the right balance, or “sweet spot” on what we refer to as the Prospecting Pyramid™ in order to create the best (and most) potential opportunities for their business. Operating too low on the Pyramid makes you look not strategic and not marketing-centric, while operating too high on the Pyramid and significantly limits opportunities.



Given prospecting is as much of an “aperture marketing game” as it is a “reach out with relevancy game,” finding the right balance can prove challenging - especially when you have to manage existing clients. Agencies lose focus. New business development managers get pulled into agency work. So, what should a smart agency consider?

In general, telemarketing should be avoided at all costs. It makes your agency look not strategic, not marketing-centric, and not professional. Simply pounding on doors isn't going to win the day.

In all cases, however, you should try to at least minimally push reach-outs to the “relevancy” level. Here, you find news about a prospect, try to understand their situation, and then bridge their issues back to solutions you've solved for your clients in a similar issue-oriented space. This way, rather than just pushing your agency, you're showing empathy and understanding, and suggesting that your agency's RTB (reason-to-believe) can be a better way to take the prospect to a better place. This approach enables you to maintain the breadth of reach-out without having to brainstorm each and every prospect you engage – or miss out on potential opportunities because your list is too short.

For “A” priority prospects (those that are on top of the “wish list”) we recommend pushing yourself to the third, “idea-centric” level of the Pyramid. It is at this level that clients should select their top prospects from the opportunities list, then do research on the prospects, and finally come to the table in a brainstorming session and identify potential ideas/solutions that they can offer out for the prospect to consider. Ideas aren't as specific as campaign directions, but they do help to bust through. These ideas can then serve as fodder for other reach-outs, as similar issues and situations are unearthed. This approach helps keep the agency reaching far and wide with *relevancy*, while also enabling the agency to zero in on more appealing prospects with agency facilitated ideas.

The top level is where the agency principal *should be*, and should play a part of every one of their playbooks: Relational reach-outs. Here, the principal picks their top three to five prospective clients (outside of the larger list of prospects) and tries to establish a longer-term relationship with these prospects. They send articles about the prospect they dig up in searches (with hand written notes attached). They keep track of their company's activity and stay in touch, attempt to get a lunch, do whatever is reasonable to slowly build a trusting and strategic relationship.

Again, the challenge is how to manage it all. How do agency executives live in the “sweet spot” of the Prospecting Pyramid *and* effectively manage key client relationships? The truth is that most can’t unless they have tolerance for the occasional new business manager failure, the willingness to readily carry additional overhead, and the desire to play sales executive and creative director at the same time. With only 16 percent of agencies looking outside for expert help today, it’s only going to get harder for principals (unless things change) before it gets better.

About the Author

Mark Sneider is the Managing Director of RSW/US. Mark opened RSW’s U.S. office in 2005. Prior to RSW, Mark spent ten years working for two top tier packaged goods companies, and ten years on the marketing services side of the business. He started his career at DDB Needham in Chicago. Mark is a graduate of Northwestern’s Kellogg Graduate School of Business with a major in Marketing and Economics. He can be reached at mark@rswus.com.