

NEW BUSINESS MANAGER
REPORT 2008





Background

The **2008 New Business Manager Report** was completed by 150 Agency Principals during May, 2008. This study was commissioned by Reardon Smith Whittaker (RSW).

The sample came from a database of Agency Principals. Agencies ranged in size from \$5M to \$200M in billings.

We have prepared an overall Executive Summary for ease of reference. The perspective provided will hopefully be of value to you as you work to better your overall new business development program – whether it be through the use of outside services like RSW, or shoring up the efforts you manage internally.

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Executive Summary

- In general, agency principals feel that their business is struggling as a result of the economic slowdown, with 59% stating that their agency revenue is flat to declining versus a year ago.
- In a March, 2008 study commissioned by RSW (“Client’s Perspective on Economic Conditions”), results suggested that companies are in a basic state of inertia, not increasing spends, and in some cases, decreasing spends to address slowing sales.

Implications: Now is the time to get more aggressive with business development. While it might mean a greater time investment, or a greater financial investment to turn up the new business dial, doing nothing and trying to wait it out could spell trouble longer-term. As noted below, agency principals feel that one of the key drivers behind the slowdown in agency business is the fact that there are fewer opportunities available (as a result of things like company consolidations). Sitting back and waiting it out won’t solve the problem. Whether managed internally or externally, a well-orchestrated plan is needed to build better pipelines of new business leads.

- 51% of agency principals state that it is “harder” or “a lot harder” to drum up new business than it was three years ago. This compares to only 40% stating this in last year’s New Business Manager survey – so clearly the task is not getting any easier for agencies.
- Key reasons why it is now harder to develop new business is the fact that agency principals are finding that there are fewer opportunities available in the market and it’s simply proving harder to bust through to prospects. 37% of principals state that “fewer opportunities” and 44% state “it is harder to bust through to prospects” as primary for why their business is struggling.

Implications: As companies continue their consolidations and cut-backs, getting a marketer’s time is going to continue to be more and more difficult. There are going to be fewer companies to reach out to...and fewer available marketers to talk with. So finding them and breaking through to them will be no easy task. Key to engaging is making the reach-outs relevant, making them meaningful to the prospect, and ensuring that they add value to their world. Don’t just tell them about you, tell them how you can help them, give them something useful to work with.

- Interestingly, agencies are still relying heavily on referrals and networking as a resource for new business. Anecdotally, we have found that the rate of network and referral opportunities is slowing down...which makes sense given company consolidations and reductions in spend.
- What doesn't seem to be working...or isn't being pushed much is "Prospecting". Only 16% of new business came in via prospecting in 2008 and in 2007. Could be a function of the fact that fewer new business managers are being brought on board (36% state they hired a new business manager in the 2008 survey as compared with 48% in the 2007 survey). Could also be a function of the fact that the new business managers being brought on board continue to underperform (with 58% of principals stating that they have replaced their new business managers at least once in the past three years).
- The lower success rates associated with new business managers could be a function of the fact that new business managers overwhelmingly aren't squarely focused on the job of reaching out and prospecting...they are focused on lots of other activities – which based on our experience, is recipe for disaster. While 90% of principals state that their new business manager was/is responsible for "setting meetings" and "cold calling", 60%-70% of principals state that they are also responsible for "presenting to prospects", "managing mailings", and "creating presentations". We have found that the less a new business manager is focused on the core activity of consistently reaching out, the more likely they are to meet with less-than-optimal success.

Implications: If you hire a new business manager inside, ask them how they'd go about prospecting. Make sure they've thought about how they would go about it. Selling printing presses or ad space is very different than selling marketing services – especially creative services!

Also, ask yourself, have you thought about how you're going to use this person and how are you going to compensate this person. Generating new business doesn't happen overnight and the last thing you want is a person who feels pressured to get meetings and delivers garbage. The last thing you also want is a compensation structure that rewards for quantity without consideration for what's being delivered to you.

Also ask yourself, how am I going to use this person and what do I really want them to do? Do I want them opening doors? If so, let's get them singularly focused on that task. While it's often tempting to hire a new business manager on the inside for "control" reasons, it's equally as tempting to distract that person with a million other things that aren't central to the act of building the new business pipeline.



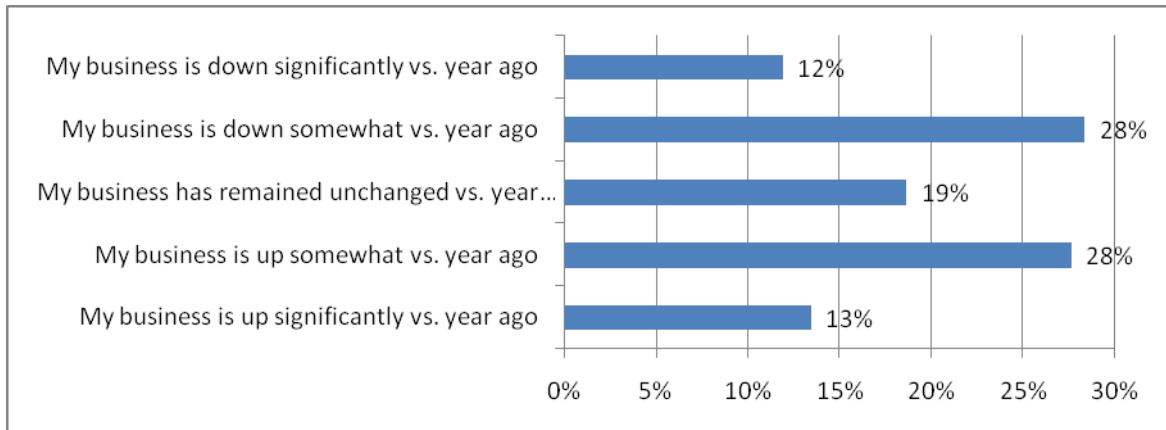
- Interestingly, principals also state that they believe new business managers fail because they don't have a solid understanding of the agency they are working for, they don't have a solid understanding of the agency business in general, and they don't understand marketing! All critical elements to operating successfully in this position!

Implications: You have to remember that more than likely your new business manager needs to be able to dialogue with high-level marketing folks – on their terms, using their language. So make sure the new business manager you bring on board minimally understands the fundamentals of marketing – and ideally has dealt with agencies (or ideally worked in an agency) in the past. Those that compromise, more often than not, suffer as a result of their decision.

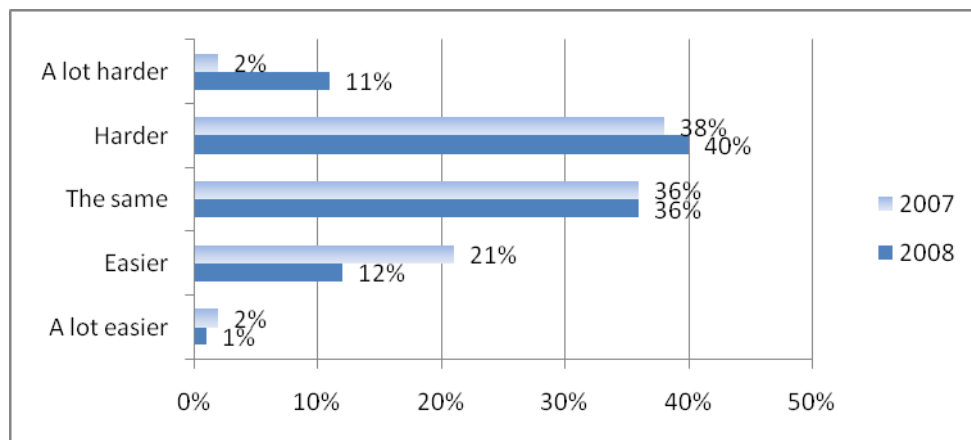
- The use of outsourced business development firms has grown rather significantly year-to-year, with 31% of agency principals stating that they have used an outside firm to open doors and set meetings (as compared to 16% in 2007).

Implications: You got into the business to be expert in communications or creative ideas, not to be expert lead generators and pipeline builders. Time for a fresh, new approach?

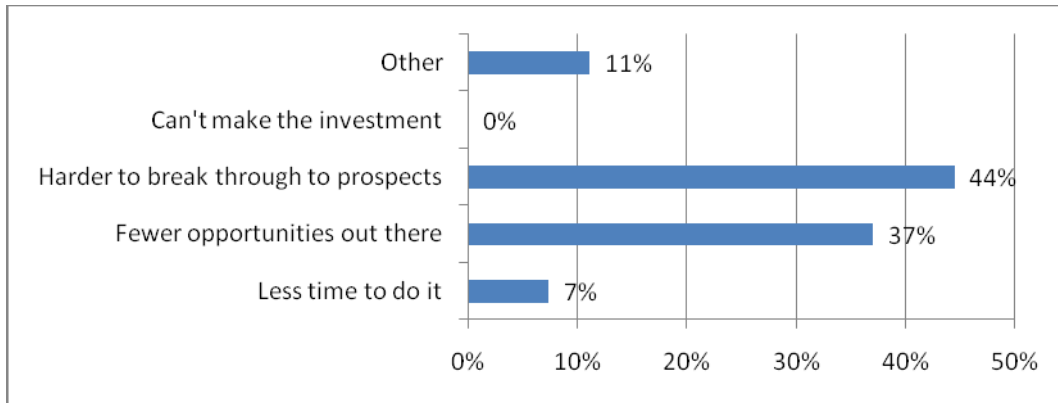
1. How has the economy impacted your business?



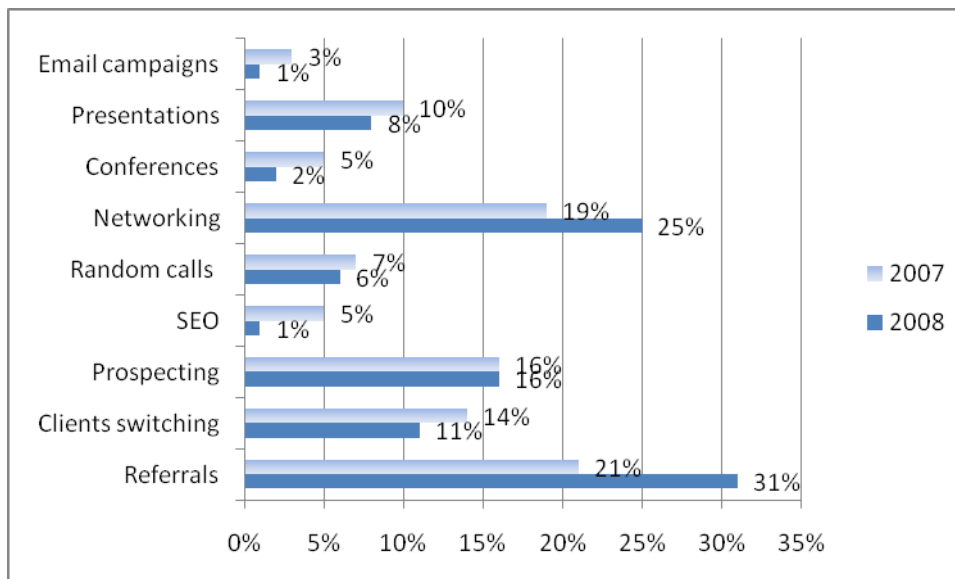
2. Would you say that obtaining new business is easier or harder than it was three years ago?



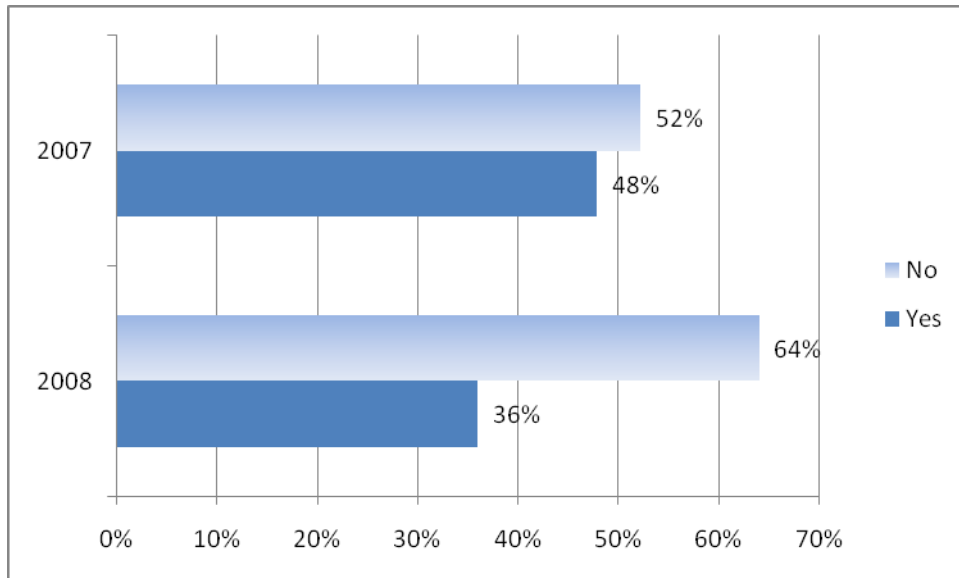
3. If you said harder or a lot harder versus last year, what is the number one reason why it's harder to obtain business versus last year?



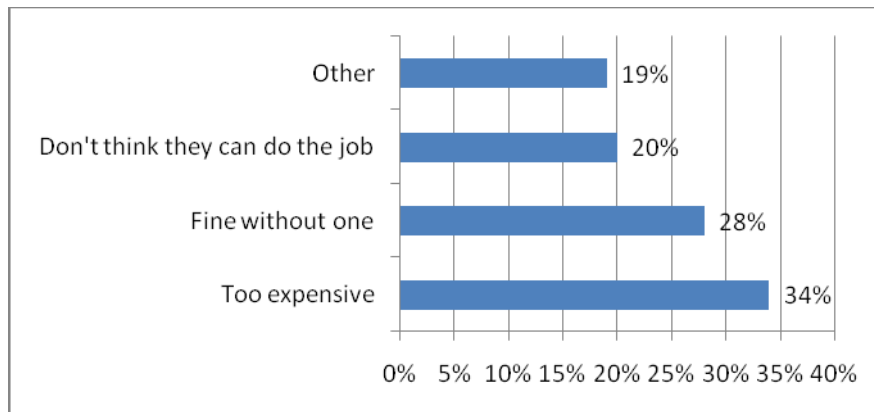
4. Thinking about your business today, what are the top three (3) sources for new business?



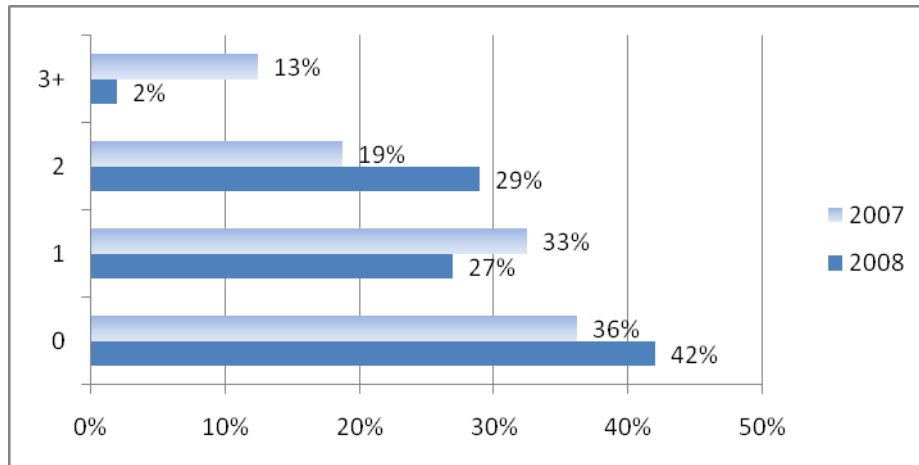
5. Have you hired a fulltime new business hunter/director (as part of your staff) to prospect for leads for your company in the past three years?



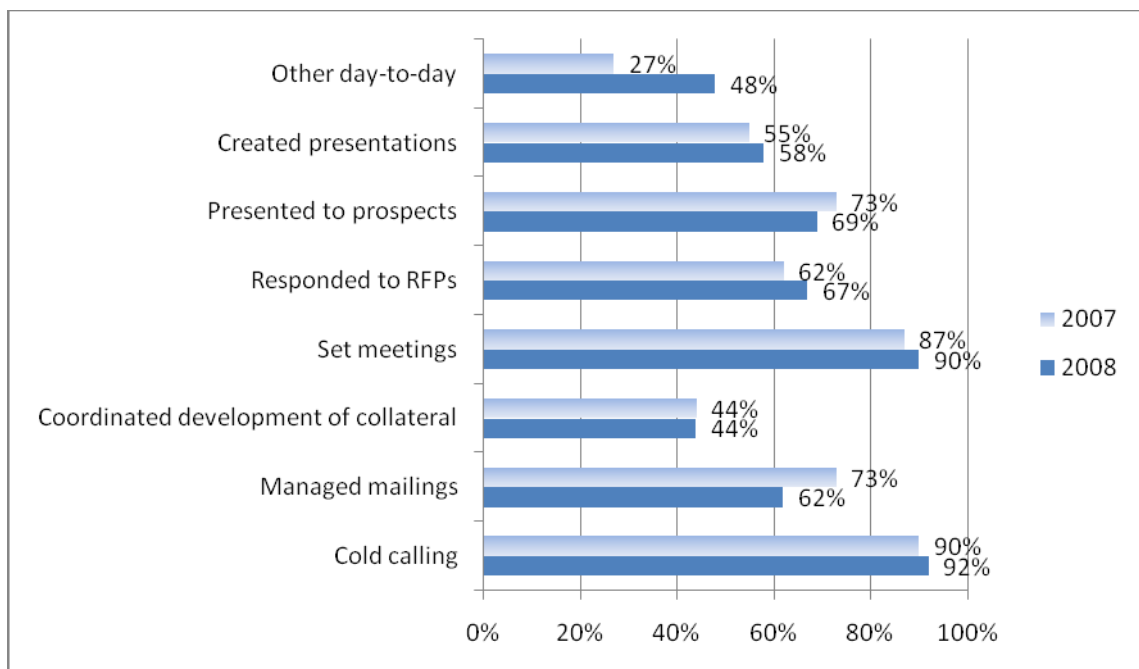
6. If no, why?



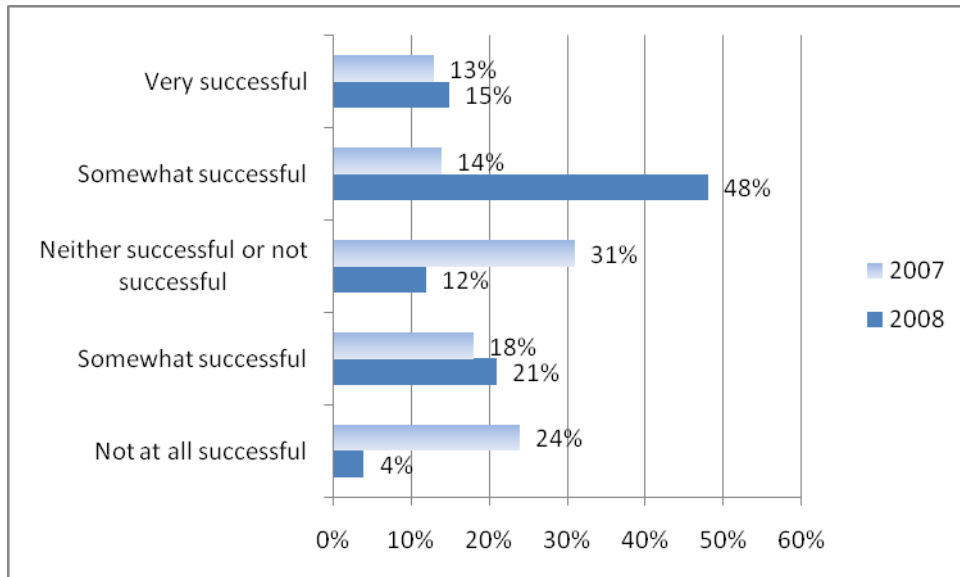
7. If yes, how many times have you had to replace this person in the past three years?



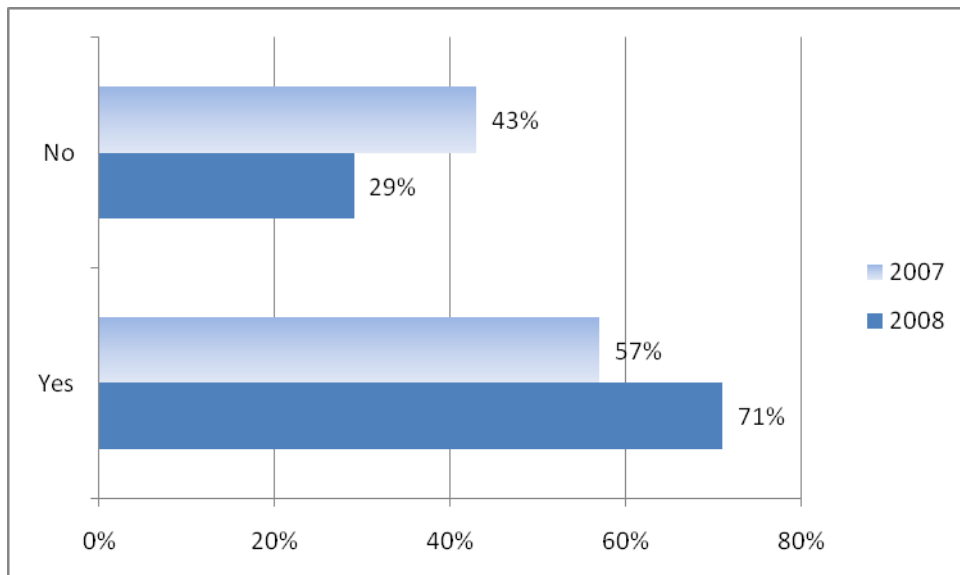
8. Thinking about your last new business hire, please check all the things this individual was responsible for.



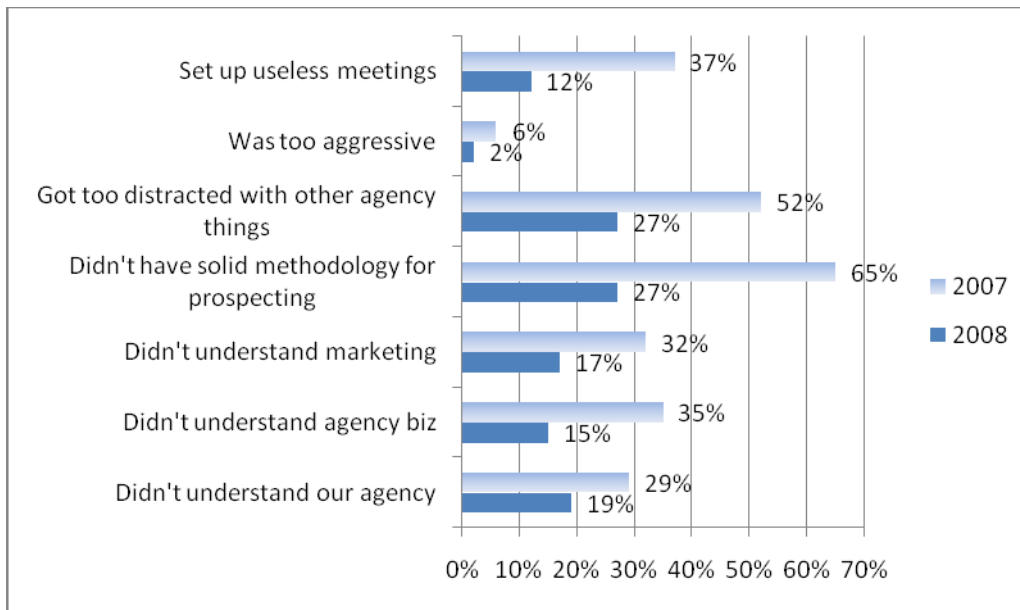
9. Thinking about your last new business hire, on a scale of 1-5, with 1 being NOT AT ALL successful and 5 being VERY successful, how successful would you say the new business manager is/was.



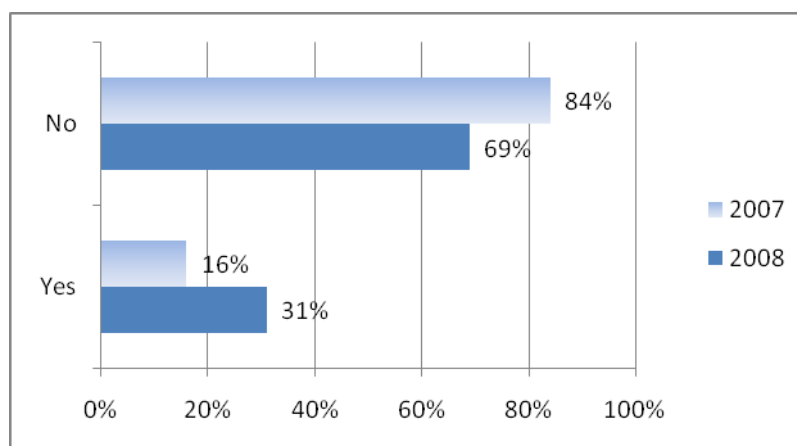
10. Thinking about your last new business hire, is this person still with your organization?



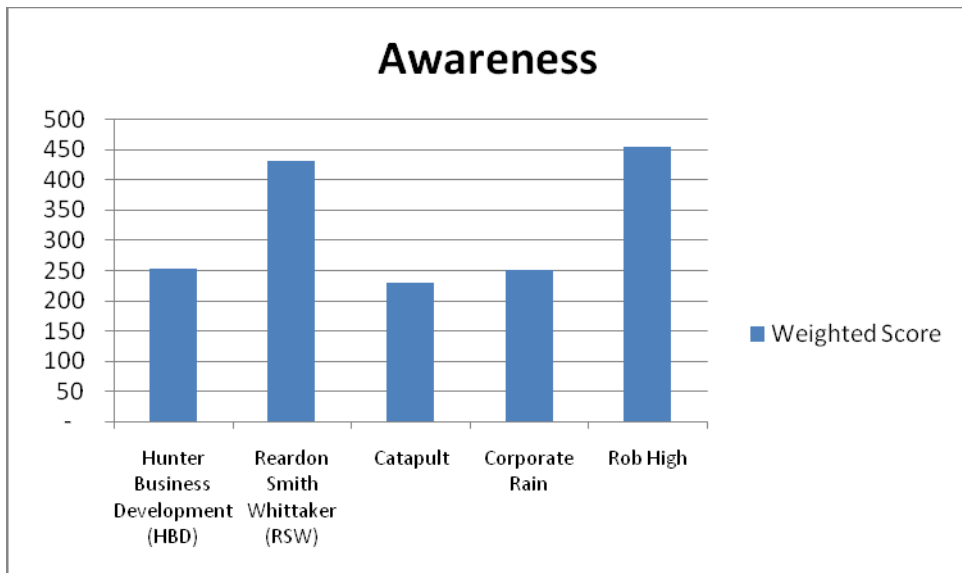
11. If you believe the new business person you hired was not that successful (rated 3 or below on the previous question), please select all the reasons why you believe the new business manager was not that successful.



12. Have you ever used an outside service to help open doors and set meetings on your behalf?



13. How would you rate your awareness of each of the following lead generation/business development firms (0=Have no awareness/Extremely aware)



14. What is your general impression of each of these lead generation/business development firms (0=Not at all favorable/10=Extremely favorable)

