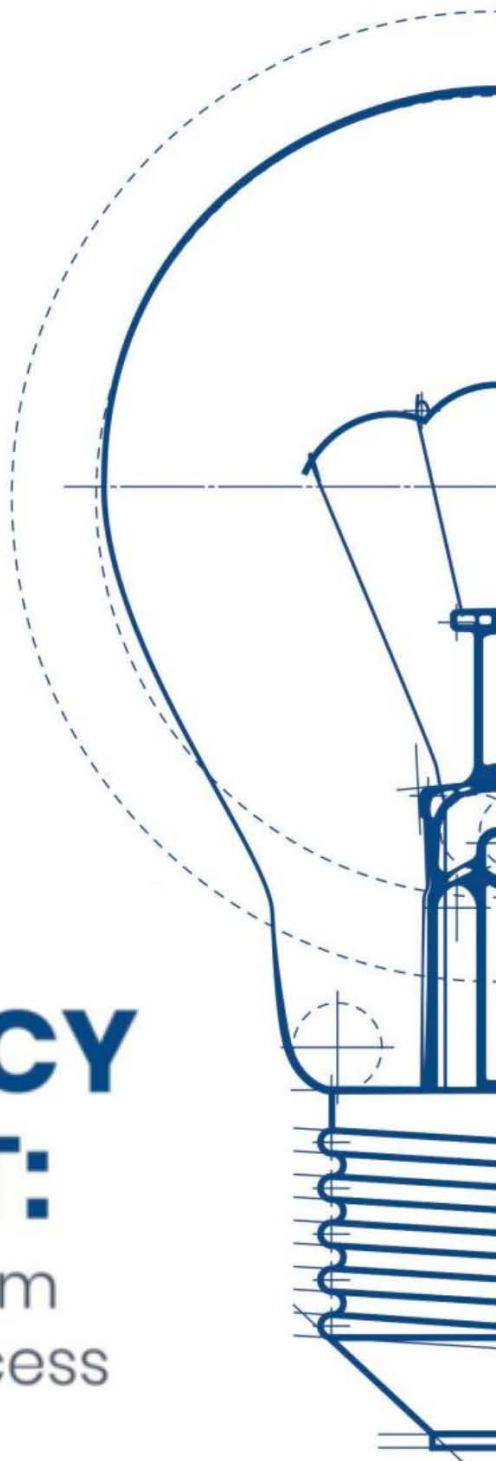


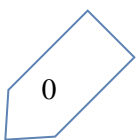


ROBERT PATIN

THE AGENCY BLUEPRINT:

The Business System
That Leads to Success





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The Agency Blueprint: The Business System That Leads to Success

ISBN: 9798660023668

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The Agency Blueprint:

The Business System
That Leads to Success

Robert Patin

Creative Agency Success
CreativeAgencySuccess.com

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INTRODUCTION

Message to Readers

This book provides field-tested advice to help you transform your company into a lean operation to improve your efficiency and profitability while establishing enhanced value for your clients. Included are strategies and approaches that I take personally, and with clients, every single day. You will discover how to make smart adjustments to boost your company's revenue and profit margins while allowing you to run your business and live your life the way you want, whether that means hands-on or hands-off. Whatever you imagined as a success when you launched your business is achievable when you structure your business to work for you, not against you. It all starts with a strategy to define your goals and make them a reality.

So, if you want to be able to vacation half of the year, or run your business remotely from anywhere, or you want to train your team to run the business while you live your life, that's what you can achieve when you design your business to meet your goals. That's what I help my clients do every day.

In this book, I share with you the ways and methods that help creative business owners reach optimal success goals. It all starts with helping you to build your business your way...

CHAPTER 1

Business Your Way

You came into this with a dream.

Your business would give you freedom from the 9-to-5. Instead of answering to somebody else, you'd have full control over your time and your talents. You'd call the shots and get to run the business your way.

This would enable you to make better use of the most valuable resource that you'll ever have – time.

The challenge is that so many business owners struggle to turn that dream into a reality. And that leads you to question what you're doing.

What does it mean to create your business your way? And what does it mean to have a business that fuels your goals, allowing you to live the life you've always dreamed of?

These are the first big questions I tackle with clients when we begin our work together. If you're like most creative business owners, you started your business because you had a vision of how great your business could be, and you didn't want to work for someone else.

But like many creative agency business owners, somewhere along the way, your vision for your business lost its shape; your dream business stopped functioning or looking the way you imagined it would. You might feel as if you've lost full control of your finances, your client relationships, your growth strategy, your employees, and now your business consumes your life.

Many clients that I work with were initially struggling with a major aspect of their business and/or life. Too many business owners aren't comfortable with the profit their business is generating or the amount of time they're working to keep it afloat. Then there's the dissatisfaction with their employees' productivity or the clients that they have taken on. Usually, it's not any one thing, but rather a whole collection of different issues that stem from their business. If any of these are issues that you can relate to, you

don't have to accept this dysfunction. You can operate your business exactly the way you've always dreamed of. Let's talk about how you can achieve this.

You are the business owner and you need to establish and build your business the way that you want your life to be. That means that your clients shouldn't control your business, and neither should your employees.

Many of my new clients have experienced the same unproductive pattern. They start their business accepting clients kind of willy-nilly. In the beginning, they accept clients out of what they feel is a necessity or scarcity. So, they bring them on without having their processes and ideal client preferences in place.

They then mold their business to what these clients want and how the clients want to work instead of deciding how they want to work with their clients. And then they allow these clients to develop their business the way that they (the clients) want rather than the way the business owner wants to operate and offer their services.

When a business owner's focus is compromised, they become unhappy with their business; and it will undoubtedly show in the business' performance – in the level of service their clients receive, and the happiness of the entire team.

Tough times may cause decision-makers to divert from their original niche or business strategy, and experiment with a wider range of products and services that stray from their original business plan. The impact of additional training requirements and lack of established procedures then causes the whole team to burn out, further perpetuating the demise of the business.

They are no longer efficiently servicing clients, and they don't have their processes in place. They don't have their business functioning the way they want their lives to be within the business.

If this is what has happened with your creative agency, what I would like for you to realize is that you can reclaim that original vision of your dream business and ideal life. Change is never easy, but if you are making changes to pave the way for your life's vision, it is undoubtedly worth it. You will need to make decisions and choices that you have avoided or overlooked. And you will need to correct the functions within your business that you have allowed to move you away from your original focus and vision.

And it can happen to any of us...

How I Lost My Vision and Focus

Many years ago, I took a step back to take a look at my business and my life. And I realized that I'd completely lost sight of what I wanted from my business. I'd fallen into the same trap that so many other small business owners fall into:

I felt that I needed to sacrifice my personal life and goals in order to grow the business.

After some deep reflection, I realized that the way I ran my business wasn't sustainable.

Yes, the business was growing and we provided amazing client services. But I felt that I could massively improve on almost every aspect, which meant I needed to go back to the drawing board.

Efficiency was my key focus here.

I needed to create systemized processes that allowed me to provide services to clients in a way that didn't completely drain me.

These systems would allow me to reclaim my life without damaging the standards of the work that we did.

I sat down with a notebook and a pen and just wrote down what I wanted my business to look like. I defined what I wanted my life to be, what I wanted to do, how much money I would need, and what would ultimately make me happy.

And in the process of doing that, I outlined the vision that would eventually become the foundation of the business that I have today.

I spent the next couple of years making this reimagining of my business a reality. I put processes in place for everything so that I could create repeatable, provable, and sustainable results for clients without burning myself out in the process.

I automated services, processes, and even the way that I worked with clients.

The impact on my life was huge.

I went from working 90 hours per week to working less than 40. And these processes also allow me to work remotely, which means I finally have time for some much-deserved vacations!

Ultimately, I designed and created the life that I wanted to lead. I went from my business running my life to my business being in service of my life.

That's what I want to help my clients to achieve.

Our Process with Clients

When I start working with clients, whether they're starting a new business or have an existing business, I help them recognize and focus on their motivations in business and in life. I help them realize that they can have that better life they imagined. We use that sense of discomfort, along with clarified motivations, to create the business that they want and the life that they want. It is time to break away from what isn't working and create a business that does.

To effectively achieve this with your business, you have to be ready and willing to hunker down and do what it takes to correct the actions and habits that took your business off course. If you have that state of discomfort, and you want to make changes, and you are motivated, then you are on your way and can take the first steps toward improving your business. But realize that you can't change everything overnight. You're not going to be able to deconstruct the proverbial Rome and rebuild it in a day. It all starts with reviewing your business, piece by piece, and understanding what your biggest problem areas are. You should focus on your priorities and keep moving down the line. Typically, when you fix the top 3 to 5 items on your priority list, other problems tend to resolve themselves by proxy. This way, you are working on the business rather than in the business.

That's the first thing that you need to tackle to be able to offer the service that you want and to be able to have the business operating the way you want it to be. Each of my clients is slightly different, but my advice is essentially the same – you need to define exactly how you want everything to be structured and define exactly what you want your life to be like. This includes your professional life and your personal life, and once you've defined that, you need to determine your goals to be able to achieve that life and that lifestyle.

It was Thomas Jefferson who said, ***"If you want something you've never had, you must be willing to do something you've never done."*** First and foremost, you need to be in control of your business, whether that means you're working 20 hours a week, you're working only on specific days, you're only working with specific types of clients, or you want to make a minimum of \$5,000 per hour. Your business must be designed around what you want for your business and your own lifestyle. For this to happen, you need to make the decision to redesign, revise, and restructure so that your business and life are exactly as you want them to be.

You will need to make some changes, some of which will involve your own behavior. Are you showing up at 6 am and working until 10 pm? Are you focusing enough time on sales? Are you optimizing your team's time or are you overpaying them? As the business owner, you are the first one who needs to make changes. And without those changes, you're not going to have the effectiveness you're looking to accomplish in your business.

- Who do you want your clients to be?
- How do you want your business life to be?
- What business culture do you want?

Having your business and your life your way means doing what you want, when you want, with whom you want, in a manner you want. It means you'll start feeling good about yourself. It means being excited about the business you have built because it allows you to achieve other goals that make your life better; It allows you to celebrate your accomplishments and enjoy what you want to do with your life.

Making the necessary changes starts with establishing new behaviors. The foundation of new behaviors to create the changes you want includes:

- Setting goals and telling everyone. You will be more compelled to accomplish them.
- Making the necessary sacrifices to get what you want.
- Creating a plan and sticking to it.
- Not letting distractions derail you, or they will.

You will also need to take a good look at your actual goals. Are they small, adequate goals or big, audacious goals? Do you even know what it means to have big, audacious goals?

In a recent meeting with a new client, a creative agency business owner, we were going through this process of clarifying his goals. He shared that he wanted to exit his business in 5 years. That's a good audacious goal. But then he said that he wanted to be making \$150,000 to \$175,000 a year. I told him:

*"That's what you might be thinking is okay, but **what do you really want?** Do you want a 75 ft. yacht? Do you want to have a driver? Do you want to travel the world in a private jet? Do you want to never have to work another day in your life? Do you want your children, or your children's children, to never have to work a day in their lives? What do you **really** want?"*

After going through and having that conversation with him, he shared his “audacious” goal, what he really wanted to happen. He wanted to have about \$3 million in investments, and a life sustained entirely on interest from those investments. What he wanted in current income was about \$400,000 to \$575,000 in after-tax, which means he really wanted a gross income of \$800,000 to \$900,000. That’s a huge difference from his “just enough to get by” goals and what he *really* wanted.

So many people are pigeonholed into this myopic view of “this is where I am and there’s no way that I am going to attain such a big goal”. Once you start to break down that barrier of impossibility, you start to actually dream. And that’s huge for you because it will change everything for your business and your life.

I help my clients to understand the power of a clear vision of what they want, and the magic of having big audacious goals, because this strategy has worked for me. Although I grew up in a family that struggled to get by, I set some powerful goals and made a clear vision so that today I am able to be part of the so-called 1%. I am able to live the life of my dreams. I travel on a regular basis, I drive a nice car, and I live a stone’s throw away from the beach, and that was something that I never thought I would ever attain. But that is the power of having big audacious goals and taking action to achieve them.

It’s time for you to give yourself permission to make your own big audacious, and attainable goals. Do you want to double, quadruple, or 10x your business in the next 5 years? Do you want to rebuild your team so that your business runs smoothly, so you can have more free time away from the business? Do you want to work just a few days a week, or not at all, with a competent management team in place following your business strategy and focus? Do you want to work with a team that is motivated to make the changes necessary for your business to grow?

It was the influential, creative William Burroughs who said, “*When you stop growing, you start dying.*”

That’s why I lean on my clients, in all areas of their business and life, to make sure that growth happens. Of course, you’ll need to be motivated to make the necessary changes and be open to strategy and suggestions that could significantly impact your results. But no matter what, you must embrace activities and strategies that will keep your business growing.

What will it take to make the changes that will propel your business to the level that fuels your dreams, vision, and big audacious goals? It might mean

that you'll need to take what you're doing and throw most of it out of the window. You may need to start afresh, because a lot of what you're doing, while it may have worked initially, will not take you to where you need to be. For example, most businesses will accept any clients as they come in. By doing that you are acting and pivoting from a point of FAMINE to accept any client you can get. But if you focus from a point of FEAST, you're going to only choose to work with the best clients, the clients that you want, the "A" class clients. You're going to turn away the clients that you don't need or want. I'm sure you have heard about the Pareto Principle (80/20 rule). Don't allow yourself to fall into that trap.

One way that it will manifest in your business is that 20% of your business demands 80% of your time, and 80% of your business requires 20% of your time. If you purge that 20% of your revenue, the clients that are eating up 80% of your business efforts, then you and your team will have a lot more time to better serve your best clients, focus on attracting more of your ideal clients, and build the business. You'll also generate a lot more revenue by getting more Class A clients – the type that you envisioned when you launched your business; the clients that you truly enjoy working with.

It can be challenging to convince a business owner just how powerful this action can be. But if you let the numbers speak for themselves and you start going through your client list, and you review how much you are earning from each client, the changes you should make are very clear. It is time to put pen to paper and look at how much you are earning with each client per year, per project, per hour. Once you realize exactly what you're earning and how you're earning, and which clients are more profitable, you'll know what you need to do. You might discover that you have clients that you are actually not earning any money on, and you need to make a decision about continuing to break even or lose money with them while they lower your profit margins. Doing a client-by-client analysis helps identify which clients are hindering your business, causing you more stress, and keeping you from getting what you want. This is a significant reality you need to acknowledge and change so you can truly have your business, your way.

Thomas Jefferson once said – “In order to have something you’ve never had, you need to do something you’ve never done.”

That's a crucial concept for your agency. Purging any client that isn't your ideal client is one key example of this. You may need to even purge toxic relationships in other areas of your life, beyond just your clientele. Often, when I consult with agency owners who want to make improvements, we discover that they have managed their personal lives just as dysfunctionally as their business lives. When they take a clear-eyed look at what is not

working, they might conclude that there are other disruptive relationships in their lives. This could be toxic clients, habits, relationships, partnerships, and more. Only you can really know what relationships and habits fuel your dreams and aspirations and which ones prevent your progress or harm you. You will need to make some honest and hard decisions to have the personal and business life that helps you grow.

I see a lot of business owners that seem defeated. Their business can even be doing fairly well, but marginal, and they're miserable in the business. They spent most of their lives building it and they hate it, and so sometimes the best recommendation I have for them is to wipe the board clean. Decide what you want the business to be like, set those goals, and make the changes to get that result. And then after they set their goals and WRITE THEM DOWN, they need to tell everyone, everyone that'll listen. The more they do this, the more they're going to feel accountable for achieving those goals. That way, they're vested in that goal and will make the sacrifices needed to make sure they achieve their own goals.

It is also important to eliminate the distractions that happen every single day. How much time and energy is wasted on movies, TV shows, arguing with spouses, etc.?

These are issues that destroy the business owner's mood. Owners might start treating employees badly or abandon their leadership responsibilities. They get defeated. But they need to assess their habits and focus on doing what is needed to fix the business. It also means that if they employ experts, advisors, and consultants, they should closely listen to what those experts have to offer.

Often, the biggest factor that prevents a business owner, or anyone for that matter, from doing what they need to do, is fear. Some clients I work with fear that they're too far down a certain path, fear that they will lose their clients, fear that the changes won't work.

What I suggest is that you lean into that fear. You need to know and understand that your fear is there and that owning a business involves an aspect of discomfort and uncertainty. You may fear that you won't succeed, or that you will fail at what you're doing. But recognize that every failure and every misstep is an opportunity to grow and an opportunity to learn; there's an opportunity to further refine your business and redesign it for yourself, for your employees, and for your business partners.

"Never let a good crisis go to waste."

– Based on Saul Alinsky's

Rules for Radicals

A successful business owner must be prepared to embrace and learn from moments of challenge. These are the real moments where a business grows and when a leader grows on a personal level. So many businesses are made by default, and built by default, rather than being built to suit the business owner. That's why doing what you want, when you want, with whom you want, in the manner you want means that you must start feeling good about yourself and start making the changes that will help you to do that. If you feel good about yourself and you start feeling good about your business, you're going to continue to spiral upward and then continue to be motivated. You're going to start making bigger changes, take bigger calculated risks, get bigger leads, be more invested in your business, and see bigger results.

Many business owners, and people in general, want to have everything mapped out before they go on a mission or an endeavor. They want to have every single piece planned out and read.

And I can guarantee you that any owner that has already been in business for a while understands that plans change day-to-day, week-to-week, and month-to-month. So, you don't need to have the entire plan mapped out to get started.

"You don't have to see the whole staircase, just take the first step."

– Martin Luther King Jr.

Also important is to 'walk the walk and talk the talk'. This is crucial for the sales component of your business. As the owner, you need to put forth an image that reflects your confidence and commitment to your business and yourself. That means you should dress well, work out, look your best, and feel your best.

When you exude that confidence, people want to be around you, and they want to do business with you. At least 50% of a sale is someone trusting you and wanting to be around you. So, do whatever it takes to give yourself that confidence boost.

If it's a designer suit that's going to make you feel that way, or a new pair of shoes, or a weekend at the spa, do what you need to do to feel your best, so you can do what you need to do to optimize your business and be just as appealing to your ideal clients as they are to you.

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As we move forward and I share with you the ways that I help creative agency owners like you to design a business and lifestyle that matches their vision and goals, I want you to get super clear on your own goals. Unwrap those big audacious goals that inspire big moves and big results... and let's get to work!

CHAPTER 2

Marketing Your Creative Agency

How you manage the marketing of your agency will have a direct impact on the type of clients you attract and the business you build. This means you need to be very clear about who you are targeting, what their needs are, how will you help them meet their needs, and what your niche is. Once you know this, you can create the best strategy to reach them utilizing your integrated marketing and sales efforts.

Clarifying Your Niche – The Questions You Need to Ask Yourself

Some agency owners choose a niche that is too broad because they find it difficult to limit their prospect field to a specific subgroup. Others focus on a niche that is too narrow to be effective. Finding the right niche may require some analysis. The following questions can help you clarify and confirm a niche that represents an ideal target group for your business:

- What niche are you trying to serve?
- Is there an adequate quantity of prospective clients in that niche?
- Are they willing and able to afford your services?
- Would you enjoy working with them?
- Can you make a difference for them?
- Is this a niche in an industry that is growing?
- Technology and communication change rapidly; how will that influence a niche you are considering?

The challenge of defining the parameters of a target niche comes up frequently with creative and marketing agencies. For example, an agency might decide to focus on serving e-commerce businesses. My advice to them is that you haven't refined it enough. In many cases, the agency owner is worried that they won't have enough potential clients to target if their niche is too small.

So, let's say that someone wants to continue with e-commerce as their target niche, then I would suggest that they break it down a bit further such as e-commerce businesses that market apparel; and then consider going further, say, with a focus on women's apparel. Just do a quick search online for women's apparel and you'll see that they'll have more than enough potential clients to target. With women's apparel in the United States alone, you're talking about a few hundred thousand businesses. And if you were to send out a marketing campaign to that 200,000 demographic and you yielded 1% of that market, that would be a solid 2,000 clients available to you. Granted, there may be some niches that are constrained by practical geographic limits. However, the essence of the potential to connect with more than enough prospects to prosper should be clear.

For any creative agency, a portion of that potential book of business is going to be more than adequate to build a solid revenue base and clientele. Some agencies might also be concerned about niches in markets where there are conflicts of interest. Women's apparel, for example, includes accessories, casual wear, discount lines, formal wear, couture, etc. These situations may appear to pose as competition. But they are distinct, not directly competing.

Another example of niche selection would be targeting contractors. There are all sorts of different contractors from concrete contractors to home builders to plumbers. In the United States alone, there are 4 million contractors. For home builders, which is a subset of contractors overall, there are four hundred thousand in the United States. That is significant enough to build a client base. There will be an adequate amount to target: reach out to, sell to, and build a good business.

It's best to refine until you get to around 100,000 to 250,000 subsets of business to start with when selecting a niche. Refine as much as you possibly can so you can target that specific niche, and make sure that you're hitting a specific demographic. I also suggest that you start on a national basis. We're in the 21st century; you can send an email, you can do a phone call or video conference. So, you can very easily communicate with your client from one end of the globe to the other. The more targeted (even if on a global scale), the better you'll be able to service your clients, develop a refined process, and acquire enough knowledge about that business niche subset. The key is that whatever niche or sub-niche you choose to target, local or global, to masterfully serve that niche. Know what their challenges, needs, issues, concerns, goals, and objectives are. The more you know about what matters to them, the better your ability to address their needs.

The main geographic limitations for targeting that remain are legal, linguistic, and cultural; it's worth reflecting on when these do and do not apply.

Reaching Your Target Market

In order to reach your target demographic, you need to know what specific needs they have. You need to know how their industry is different from others and know about each of their different industry subsets. This is critical to being able to communicate with that specific market subset in their language.

Think about the habits, interests, limitations, and social experiences of your target market. Are you targeting an older generation that prefers mailers?

Are you targeting millennials that may not read junk mail? What does your target consumer look like? Where do they come from? What do they do? What are they interested in? What services are you trying to sell them and what services do they buy? What type of revenue and wealth brackets are they in?

Such questions may be Advertising 101, but again, it is something that is constantly overlooked, even by marketing agencies. But having the answers to these questions doesn't necessarily mean that you'll instantly be able to grow revenue and attract more clients. That's what one of our own clients discovered...

Case Study – An 850% Revenue Increase

Our client had an established niche and a strong reputation in the industry that they served. We can't express just how much knowledge they brought to the table and they created amazing value for clients every single time.

That sounds like the perfect formula for successful marketing, right?

Unfortunately, this client struggled to create and grow revenue at the level that they wanted. They still found new clients and had a solid retention rate. But things weren't moving as quickly as they could.

We identified the issue immediately, and it's an issue that many small businesses have.

The owner of the business also acted as its primary salesperson.

Now, this is okay, and perhaps even essential, when you first start out. You have limited resources and don't have enough to bring somebody else on board. But as the business grows, you need to put people in place to carry the marketing and sales burden. Just as importantly, those people need access to tried and true processes for generating leads, increasing revenue, and increasing profitability.

We worked with the client to create a defined sales process. It covered every single step, from the inception of a lead through to the signed contract. The client defined what every interaction would look like, how they would communicate with the client, and how they would generate leads through great targeting.

The end result?

In just three years, the client managed to grow revenue by a startling 850%. And now, the client has somebody in place to continue that growth while they focus on other areas of the business.

Sometimes, I see creative service agencies completely targeting the wrong market to match their services. At other times, I'd see agencies that understand their niche, but aren't able to capitalize on it. Be sure you carefully determine the niche you want to serve and have a strategy in place to serve it.

Creating Your Brand and Targeting Your Ideal Client

Part of creating your brand, and marketing it, is getting clear on what you are selling and who you are selling to. When you know this, you must say it loudly and proudly. Focus on who exactly is your ideal client – What do they look like? Where do they come from? What do they do? What services do they need to buy? And what size (revenue/wealth) are they? How much revenue do they generate? How many employees do they have? Do you really enjoy doing what this target client will need? More importantly, are these the type of clients that you'll enjoy working with?

In order to stay true to your optimal client-focus strategy, you'll need a plan for how you will manage requests to help those who do not match your ideal client profile. It is important to the success of your business that you only focus on serving the clients that are best for you. When you are approached by a potential client that is not your ideal client, you need to direct that client elsewhere. If you start accepting clients that do not fit your optimal client profile, then you could easily begin to take your business off course. By making sure that you, and your team, accept only clients that fit your business goals, you will allow your business to have more systematic ways to work with clients, making your business more efficient and effective, and ultimately, servicing your clients better. The more that you're able to improve the efficiency, and have processes when you work with clients, the more profit you're going to earn with each client.

One of the common questions I get about niche relates to an agency's apprehension about focusing on and committing to a narrow, well-defined

niche. Let's go back to the women's apparel example. I might hear, "Hey, I don't want to pigeonhole myself into women's apparel because I don't want to get into a situation where I have two competing brands that want to work with me. What do I do if they are direct competitors? How can I serve them both at the same time? And how would they feel about that?"

While I understand how that can happen, you need to realize that the amount of bandwidth that you have in women's apparel, and other niches that are not competing, is more than adequate to be successful. For example: women's baby apparel, women's accessories, women's shoes, handbags; you've got Hermes, Chanel, discount brands, winter wear, etc. You get the point. You need a niche that is concentrated enough, but deep enough at the same time.

If you're not able to clearly define who you're targeting and be able to sufficiently segment, you'll have difficulty connecting with your perceived niche. When you're not getting an adequate click-thru-rate, engagement rate, and conversion rate, then you know that you're spreading your net too widely. It also means that you aren't connecting with the people you need to connect with. Find the niche that is segmented enough that you're able to define the habits of that specific demographic and connect with them. When your niche is well-defined, you are able to speak directly to them and the issues that they are facing. This ensures that your marketing resonates with them and builds trust.

Going Outside Your Niche

Going outside the niche can work – as long as it's not going to disrupt the way you deliver your services. If you decide to pursue two different niches, make sure you segment your advertising to each. That might mean having two separate websites in some cases. Be sure you can service each individually with your own processes. That way you have the conveyor belt assembly line sort of process to service your client, and that helps you to provide better service and better profit margins per client. Efficiency will increase and mistakes will decrease. You'll be able to service your clients better because you're earning more money per client and you won't need to take on more clients than your capacity to try to reach your desired revenue goals. You'll also specialize and be more knowledgeable and effective in that subset of that industry or in that business type than you would be if you didn't have a more targeted niche.

So, what do you do with all of the clients you currently have that do not fit your ideal and preferred target market?

I'm not going to tell you to get rid of all your clients that are not in that ideal category because there are a lot of instances where that could damage your business. It is best to refine your clientele over time. As you add ideal businesses, you may be able to purge undesirable clients that are out of your ideal market. As you refine, you'll discover that the clients that are outside of the ideal group are less profitable and less rewarding to work with. They will typically provide a lower average hourly earnings rate (Revenue/All Hours Worked) for your company. You will likely need to disrupt your efficient processes to serve their needs as well. As you realize how they impact your financial benchmarks, you can gently advise them that your specialization is in a different arena now, and then redirect them to where they will be better served. You can even make the introduction.

Once you are very clear on your best target market, you need to implement a plan to connect with and service your market. The steps to this are:

Implementation Plan

- Establish goals.
- Plan your marketing strategy.
- Prepare to measure your results.
- Clarify services offered, when and how.
- Ask the right questions.
- Actively listen and empathize.
- Solve problems.
- Have product knowledge.
- Really believe in your product.
- Be ethical.
- Be personable.
- Promote your product(s) so that your prospective clients get excited by them.

- Be persistent if you believe it is the right thing for the client.

Establishing Your Niche-Based Expertise and Marketing Tools

Regardless of the niche you choose, there are numerous tools and methods to establish your industry knowledge, build credibility, and preserve the needs of your target market. This is important to build your engagement. Different types of content will help solidify your target niche and attract and nurture potential clients. These include:

- Web Dominance – Search Engine Optimization
- Informative articles
- Media releases
- E-newsletters
- Websites, blogs, social media
- Testimonials and case studies
- Free reports, tools, videos, and audio
- Speeches – paid and free
- Other people's newsletters
- Reference list of existing clients
- Competitions and awards ceremonies
- Being controversial
- Direct mail and email
- Paper newsletter, magazine
- Seminars and workshops
- Boardroom briefings
- Teleseminars and webinars
- Referrals from clients or spheres of influence
- Host beneficiary relationships
- Actively seek reviews

Staying Competitive

Of course, all businesses face competition.

However, a proactive company can enact habits and strategies to be the preferred choice over their competition.

You should:

- Be clear about your sales process. If you don't have a sales process, you need to create one. Then use it and rinse and repeat.
- Measure the success rate of every campaign.
- Create a database and grow it.
- Use a CRM to maintain and expand your list.
- Manage your prospect and client database—add to it and keep it up to date with all contact details.
- Liaise with outside branding people to keep your image fresh.
- Coordinate your regular newsletter.
- Manage your website—post fresh content regularly and incorporate your target keywords, etc.
- Liaise with your centers-of-influence and referral sources.
- Edit and prepare your articles for distribution.
- Manage your social media presence—blog, Facebook, Twitter, etc.
- Send out press releases, email blasts, mailers, etc.
- Organize and manage events—breakfast seminars, boardroom briefings, prospect luncheon meetings, cocktail receptions, seminars, webinars, tele-seminars, conferences, etc.
- Book and manage nurturing visits (with existing clients) for the partners to attend.
- Generate X number of leads per month (based on your calculations of the number of leads needed to convert the number of clients you wish to acquire) using the above strategies.

- Share content in ways that encourage and facilitate social proof sharing.
- Maintain clear sales meeting guidelines that minimize sales team drudgery and inspire sales team action.
- Use BAMFAM (book a meeting from a meeting).
- Check all team activities and development for language, tone, health, knowledge, success mindset, and process.
- Nurture your sales team's confidence.

Meeting Strategies

Guide your team and clients through meetings that are brief, focused, and productive. Be specific in discussions; quickly address client needs, issues, and goals. Establish value during the sales process.

Be sure to emphasize the long-term and overall value of what you do for the client, even if short-term or intermediate goals are off-target. This supports client retention. Convey to clients the value, what will be created, the time frame, and framework. However, sales encounters can be more free-flowing, so you don't want it to be too structured while giving your sales team a basic framework for which they can lead prospects through the sales process, allowing them to make a sale.

Often, there is no issue with agencies providing actual value to their clients. The issue arises when the agency fails to communicate that value to their clients. Communicating your value to your clients and making sure that your clients understand the value that you're providing is critical.

This will impact your revenue, profit margins, and client retainage. This may require regular (brief & focused) meetings with your clients to communicate the process and progress; measuring and reporting their success in a tangible way so that the clients see and feel it. It also helps convey the value your agency provides. Communication is imperative.

You should actually communicate to clients: "These are the effects that we have had and we're noticing specific differences, and we really think that you should be making this change." Make sure you're offering your clients all of the services you offer that will help them achieve their goals. What are the client's needs? Cater to this. Talk with your team about how to go through the pitch and establish value.

Measuring the Success of Marketing Campaigns

If you can measure it... you can manage it! Keeping track of your sales and marketing efforts and results is key to determining what is working, what's

not, and where changes must be made. So, for starters, you should know the following (precisely):

- How many existing clients do you have?
- How many leads do you get from each marketing campaign?
- What is your conversion rate from inquiry to sale?
- What is your retention rate for existing clients?
- What is the average sale value of each project?
- How many projects does each of your clients buy from you each year?

I'm speaking to marketing agencies. But you'd be surprised with creative service agencies, and a lot of marketing agencies, at how badly they follow their own advice. They should be following the very advice that they offer. You should know exactly how many clients and how many leads you're getting with each marketing campaign. You should know your conversion rates and your retention rates, and the value of an average sale. This applies to each project, for all projects. This should be for every year. And this should include projections.

You should be able to say, "I sent out the email to 100,000 contacts. Of those 100,000 contacts, 1% of them are going to end up as a lead; of those leads, 30% of them are going to end up qualified to be potential clients; of those 30%, 50% will result in a signed contract. So, in order to achieve my revenue numbers of \$5 million with an average project or client revenue of \$100,000 or \$150,000, I'm going to have to send out half a million emails in the course of the next 5 months."

Then test those emails. Know your open rates, your click rates. Know where prospects are going on your website. Make sure your website is pushing forward what you do, who you serve. Say it right in front, at the top, of your website: "we help drive sales for women's apparel brands", for example.

You also need to be clear; select the top three revenue-generating services and focus your time on those; discard the rest. Otherwise, you might be spending so much time chasing your tail, providing services to your clients' demands rather than telling your clients, "This is what we do".

What is your sales process? If you don't have one, create one ASAP. Know what happens when you send an email and someone opens it but doesn't click on your website. Do you send another email? What happens if someone opens your email and clicks through to your website? Do you call

them? What happens if someone calls you? Do you immediately set a meeting? Do you set another meeting after that meeting? Do you immediately send out a proposal? What is your process to close a sale?

Find out what's working on a regular basis, then rinse, and repeat.

You also need to be sure that your sales team isn't afraid to sell. Yes, really. It bemuses me on a regular basis when I see marketing people not being persistent enough to get the sale.

Your sales team needs to be "pushy" enough to keep the prospect moving along the path to a sale. That may require BAMFAM – book a meeting from a meeting. In other words, make sure that the next step is already planned after each encounter. At the end of a meeting, you leave with a follow-up meeting. Then your prospect has a greater likelihood of becoming a client.

Make sure your team communicates how they will meet a client's expectations.

They should:

- Ask the right questions
- Actively listen to show empathy
- Solve problems
- Have product knowledge
- Be ethical
- Be personable
- Be excited about your products/services

And finally, be confident. Sales is ultimately a confidence game. You must exude the confidence that you need. Maintain and exercise the industry vocabulary of your target market. Speak to prospects and clients with a smile on your face; exude that happiness and confidence. People are drawn to happy people.

Don't neglect your health and fitness which will also reflect on your personality and appeal. Dress for the occasion and look your best. Know your subject matter. If you're a marketing agency and you're having a hard time marketing, how is your client going to believe that you're capable of doing it for them?

I also believe that reading a variety of material will give you that edge to be interesting, knowledgeable, and likable to prospects.

A quote that I strongly connect with is:

“A reader lives a thousand lives before he dies, the man who never reads lives only one.”

- George R. R. Martin

COMPLIMENTARY CONSULTATION

If you need help implementing any of the business building advice in this book, just visit:

CreativeAgencySuccess.com/GetStarted

Tell us you've ready this book and you'll be eligible for a free Profitability Accelerator call.

So, I say, live a thousand, you'll be much more interesting... and will impact your results as you engage with prospects and clients.

CHAPTER 3

Efficiency in Operations

You may have realized slowly over time, or it may have been a sudden realization, that your business has some problems. You may not be as financially stable as you would expect, and despite having your team at capacity, you may not be as profitable as you would have projected.

So, what's the problem? This is an issue that I tackle with most clients at the beginning of work together. As the agency owner, you may know there's a problem but may not be clear on defining exactly what it is, or how to fix it. You may feel as if the business is struggling, growth is off track, and you're overwhelmed by the pressures. You may not even enjoy the business as much as you had hoped. Somewhere, there is a breakdown between your goals and the current state of the business. In many cases, I find that the problems are operational. There is likely a lack of efficiency and/or focus within operations.

There are a few areas where improvement can be made to ensure that your business is operating as intended. A full analysis might reveal that business activities are not in alignment with your goals. There may be blocks in your sales funnel and new business functions. There could be inefficiencies with your standard operating procedures (SOPs) if you even have SOPs. And there could be issues with, or deviations from, your processes. So, let's look at how these areas could drag your business down, and look for ways you can improve your operations.

Are you meeting your goals?

It is quite common for business owners to not be clear on what their goals are. The first challenge with many businesses is to establish what their goals are and to understand how and what sort of method needs to be in place so those goals can be achieved. For example, let's say that you want to be earning a minimum of \$500 an hour for all hours worked in the office. If you're only earning \$125 per hour worked, then in order to achieve that goal, you've got to bring up your average amount of billing. This may mean you're going to have to improve your efficiency, increase revenue, and

provide higher-value services. But the challenge is, how do you measure that? How do you measure each of the individuals within your organization to improve efficiency? And how will this vary from client to client, from employee to employee, and from project to project?

Most business owners in this situation don't know where to begin or how to implement changes that are embraced by the team so that goals are clearly defined, understood, and achieved. The first priority is to evaluate each employee and make sure the right person is in the right job. Then the focus can turn to the target goals. What I find works best is for there to be only three to five major goals at a time; even though there are tons of little goals in those larger ones. So, in order to accomplish them, I typically have a business focus on just three to five at a time in a span of 60-90 days. This facilitates the habit and the goal process to become so ingrained in the business that it becomes something that they never have to think about again, and it just continues from goal to goal.

Let's say that a business needs to focus on marketing now, and they need to focus on content marketing specifically making sure that the business name is dominating their demographic and they're having a lot of PR buzz. They want to have a lot of social media posts, a well-developed blog, and they want editorial articles to be written about them, etc.

They can spend three months setting up a process behind creating that content. It may require that they hire outside contractors or service people to achieve that. They could set up a PR development program that outreaches on a regular basis. They could set up a process to make sure that all happens on schedule, thus creating their content marketing development process. Once they accomplish the things that they want in those 3 months, they can then pass that content development process over to another team member, or a manager, to take that process over and manage it on an ongoing basis with all of the systems and connections in place. Then the company can work on accomplishing its next goal.

Of course, you're not going to completely change the company, the culture, the processes, and people's habits overnight. But, with your entire company, you should focus on targeting your goals in bite-sized chunks – 3 to 5 milestones every quarter. This needs to be infused into the core of your company's culture to improve focus, change habits, and align company activities with company goals. As the owner, you should be living and breathing it every day, and constantly thinking—this is what I want to accomplish every single day, every single week, etc. Regularly have brief and efficient company-wide meetings to talk about the current quarterly goals. Have your specific KPIs that you need to be hitting, and have them

projected to your team in these meetings. Make sure your employees are aware of the company goals and that they understand their role in helping make those goals a reality. Celebrate your wins and celebrate individual employee achievements – every day. You must continue to make your employees feel like they’re part of a team and that everyone’s efforts matter to the company and the company’s goals. All your team members should be driving in the same direction with the same destination, or goals, in mind.

So many business owners believe that employees just come to work for money. That’s not the only reason they come to work. The number one reason employees come to work is to be part of a team; the number two reason is for acknowledgment for doing a good job. That’s why it is important to focus on acknowledging and lifting your employees up because ultimately, in a service-based business, your employees are your product; if you’re not lifting them up and they’re not happy when they talk to your customers, it will impact that exchange. You need your employees to be happy, and you need to have your employees working together as a team to help grow your business. And if you’re not in the trenches, then you’re not helping them, and you’re not learning with them. Failing to do this is why many businesses fail.

Case Study on Efficiency

Google did a 4- or 5-year research study. They had therapists and psychologists study different groups to understand why one group is more efficient than another. There were two different groups: Group A vs. Group B. Each of the individual people, on their own, were given an individual project. Each one of the participants had approximately the same capacity, the same amount of skill, similar background, and generally the same capability. Group A had someone that was the “leader”; Group B did not. You might think that Group A would’ve been the one that did better. But the results were the exact opposite. And the reason – open communication.

In Group A, the leader ran the meetings. The leader started the conversation off with: this is where the conversation is going, this is where we’re going to head, these are the goals that we’re going to achieve, this is what we’re going to do, this is how we’re going to do it, etc. In Group B, someone may have said, “Hey, this is what we need to accomplish,” but opened it up to the table. Everyone started throwing in ideas saying: “Hey, this is my idea,” “This is what I think,” etc. In an environment like Group B’s, they were able to flush out additional ideas that they may not have ever thought of in a more structured and guided group. With Group B, there was “buy-in” from

everyone at the table because they felt like they were part of the team. So, they were so much more motivated – to get that specific task, that specific goal, that specific project done better and faster.

Sometimes people have a lot of goals, but no deadlines and no plans on how to achieve them. “I want to retire, and I want to do this, and I want to do that. I want to be able to jump out of a plane. I want to travel to every country around the globe. I want to no longer work 5 days a week; I want to work just 2 days a week. I want to be worth \$20 million, etc.” Great. Those are all wonderful goals, but when is it going to happen? When are you going to retire? When are you going to start traveling? When are you going to start accumulating your assets and your wealth?

For it to be at all meaningful you need to sell it to yourself with self-imposed deadlines. Have a deadline as to when you are going to achieve something, and then have progressed deadlines along the way to track your results leading up to achieving that goal. If you don’t have a deadline to accomplish that item and that goal, it’s never going to happen.

Share goals widely with every single person in your circle. That’s going to help you accomplish your goals. Share the more achievable goals first to help minimize any reactions that would be counterproductive. You need a balance of support and accountability pressure. Share your goals and your target timeframes to achieve them. Then you can map out your achievement plan.

One of my clients was working towards exiting the business, as much as he could, in a span of one year. But he also wanted to wrap up the business; leaving the option available of selling the business or having the business run efficiently enough without him. Bottom line, he wanted to increase his revenue. So, we focused on increasing the amount of time that he actually spends managing the business – he spent 60% of his time on sales (managing the business), about 30% of his time working on client items, and about 10% on internal, administrative tasks and leadership items. He continued to have, and to implement, that sort of process in place.

He grew his revenue significantly. In fact, in only a year of working with me, his revenue doubled. And once he got his business to the revenue number that he wanted to accomplish, he didn’t need to continue spending the time increasing sales anymore.

Why?

He built processes that allowed him to remove himself from the sales aspect of his business. These ‘evergreen’ processes became the training materials that the business used to bring new sales agents up to speed. Now, the client didn’t have to try and pull it all out of his head whenever he held a training session. With everything documented, he had a standard set of processes that he could use to teach for the rest of the business’ life.

The end result was an 85% reduction in the amount of time he spent on sales. Now, he only works on this aspect of his business for about five hours per week. And best of all, his sales processes are so powerful that the business makes twice as much money as it used to make.

He accomplished all of this in a space of one year.

Imagine what you could accomplish with the right systems in place.

All of your goals will not be achieved overnight. It takes time to set them and establish the habits to achieve them. Let’s say I have a client that comes in at the one-million-dollar range and they want to double revenue in the next three years. So then, once they achieve that, they may want to double again, maybe from 2.5 million to 5 million. They then need to start re-thinking their process and re-marketing their branding again so they get to that five million. It may take the next three years to go through and do that. Depending on where they are and what their goals are, they can continue to cycle and re-brand and reprocess. So, in order to keep growing and achieving your progressive goals, you need to keep evolving and re-imagining your business, processes, and operation.

Are there blocks in your process?

When your business isn’t operating like a well-oiled engine with predictable results, we might discover that there are blocks in your processes. And as the owner, we have to be big enough to accept that many of these blocks may be caused by us. Some businesses are set up so that everything must go through the owner. This is a major problem that dismisses the value and expertise of your team members to manage aspects that pertain to their roles. Micromanagement hinders your operations and depresses your average hourly earnings. If that makes you feel uncomfortable, then we need to find

out why and remedy that. You may also need to analyze your operation to determine where improvements can be made to reduce your direct involvement. This might include upgrading your technology, adjusting the amount of training time, giving your team access to information, providing employees with the tools they need, and scheduling more time in certain important areas.

Another situation that I commonly encounter with new clients (primarily business owners) is that they feel out of control of their business. I help them to realize that if they're constantly interrupted, if they're not able to get the things done that they need to get done in a day, if they're not able to implement the process that they want to implement, if they're not able to successfully accomplish initiatives that they've set up for the company, then it's ultimately no one's fault but their own. They didn't dedicate the time that they needed for that goal to be accomplished, they didn't provide the guidelines and resources to optimize their team's activities, they didn't push hard enough, they didn't focus enough, they didn't work towards it enough, and ultimately, it's their responsibility.

It is a classic cop-out to focus on overall time worked, and not on what actually needed working on.

One of the core changes that I work on with clients is accountability, and I hold my clients accountable for what they're supposed to do. I meet with them regularly to ensure that they're actually accomplishing their objectives over that period of time, and I'm a huge believer in no-excuses. They are a waste of time.

How about email management? Another huge challenge for many business owners and executives is controlling their inbox. They have a ton of emails in their inbox, well over fifty, or a hundred, sometimes over a thousand. If you were to look in my inbox on an average day, you will never see more than 10 emails. Right now, I have 6 and I exactly know what I need to manage at this moment. I strongly encourage the "touch once" method. You should apply it as much as you can. As soon as you're done with the item, delete it, move it, delegate it, or sort it into a folder. Forward it to the team member who needs to take care of it. Then have them report back to you with what is needed to report back to a client, which brings it back to your inbox. I use a program that provides important efficiencies in my email communications. If I send an email to a client that I need to follow up and they don't respond, it automatically brings the email back to my inbox in one day, two days, five days, or a month from now, etc., whatever is required to remind me to follow up with that person. This is another way

you can keep your inbox clean and organized, with a reliable reminder when you need to follow up.

When there are too many emails in your inbox, you're going to forget things that should be priority. You're going to feel the chaos; you're going to feel overwhelmed on a consistent basis. Once you are able to control your inbox, you'll see the amount of efficiency and effectiveness that you and your employees have. It also helps if you train a reliable admin or executive assistant to go through and sort your email. They can respond to emails for you if that's something that they can handle. If a client just needs a report, your executive assistant can respond on your behalf and send the report, etc. If it's something that needs to be handled by a specific team member, your assistant can get it to them. This way, all of the items that you don't need to deal with directly can be properly redirected to your team or managed by an assistant.

This is just one example of how some business owners allow disorganization or inefficiency to introduce chaos into their day. What is taking up big segments of your day that can be handled more efficiently?

Standard Operating Procedures

If you feel out of control of your day and constantly being interrupted, it is no one's fault but your own. If you are being overwhelmed by unnecessary and unproductive tasks, such as dealing with volumes of emails, this too is preventable. The key is to establish standard operating procedures that make sense. Your organization must be operating with efficiency so that you are yielding the best return on your and your team's time and effort. It begins with you and continues across the entire organization. Failing to define and maintain standard procedures to handle your day-to-day functions will inevitably create blocks in your process.

There are many aspects to efficiency and how you're operating but that all dovetails from what we already discussed – selecting your niche and defining how you will deliver your services to that niche.

In large scale businesses such as McDonald's or Ford, you know that they have very clearly defined processes and procedures. Of course, the conveyor belt type of operation seems more associated with manufacturing and fast

food. But when it comes to creative services, the principle still remains as true as ever. You need to plan and make sure that you're refining your business as much as a manufacturer does. When it is hard to do so, it's often indicative of needing it all the more.

Let's take Ford, for example. Assume there is a car coming through the assembly line and the final piece is to put the tires on that car. How frequently do you think that the person that's supposed to put all four tires on the car, is going to put them on and realize, "Oh, I only have three of them," and then stops the entire assembly line? That will never happen because that would cost so much money for the manufacturer to continue the process that way.

Service-based industries need to think about their operations in the exact same way and make sure they have their processes so streamlined that any step in that process whether it's the initial ideation of the marketing campaign, creative development, marketing execution, etc. occurs like a smoothly operated assembly line. That means making sure that each step throughout the process is laid out digitally and systematically so that you don't have any blockades. It is as important as choosing your niche and defining how you're going to work with your clients.

Case Study – Creating a More Reliable Service

Have you ever had this experience?

You do some work for a client and they're absolutely delighted with the results. Filled with confidence, you start working with another client in the same niche on a similar project. However, they're not satisfied at all. In fact, they're so unhappy that they threaten to drop you from the project.

That's the exact situation that one of our clients found themselves in a couple of years ago.

An examination of the client's processes revealed the problem. The person they assigned to these similar projects didn't do the work the same way for each. Nothing was systemic, from the point of onboarding through to execution.

This lack of consistency led to varying results. But it also led to a lot of lost money for the client.

Over the course of a few months, we worked with the client to create step-by-step processes for every aspect of operations. This included creating processes for the following:

- *Onboarding*
- *Client Communication*
- *Setting Expectations*
- *Meeting Agendas*
- *Creating Post-Meeting Notes*
- *Project Delivery*
- *Project Management*

The client defined the processes for each and created templates for their people to work from. This meant that each person in the organization could follow a defined process. However, it also meant that the operations team always knew the current state of a project and what needed to be done next to bring that project to completion.

But establishing those procedures was just the first step.

We also had to define a process that allowed the client to confront the bad habits running through the business. At first, some employees resisted the changes. They felt that it was just another burden to add to a difficult workday. It was only through demonstrating that these new standard operating procedures would improve their efficiency and make their lives easier that we achieved buy-in from the client's people.

The results of all of this work included increases in client retention and overall satisfaction. But perhaps most impressively, it helped the client to increase profitability by 350% in just one year!

Another challenge is to not let meetings steal your and your team's most precious asset – time! Most business meetings are a huge waste of time. Businesses very frequently have long meetings that go for hours and hours, days and days, that end up accomplishing little to nothing that would justify the time. Too often, at the end of meetings, people think to themselves, “I

have no idea what we've accomplished and what was done." What I recommend to all my clients is don't have meetings that are long. Most of my meetings don't last more than fifteen to thirty minutes. I try to push them closer to fifteen minutes. This makes it easier to have regular frequent meetings that allow you to actually get to the root of what's going on and accomplish something during the first couple of minutes. Time, like anything, is treated more precisely when the supply is limited.

First, you quickly warm up the room. Let a little bit of your personality shine, then dive into the issues to be discussed. Have an agenda for the meeting to ensure that you know exactly what you're going to talk about, the points that you need to cover, and what the purpose of the meeting is, so you can ensure that at the end of the meeting you have accomplished what you set out to accomplish in that gathering. One of the concepts that Amazon's CEO Jeff Bezos is known for is "the two-pizza" rule for meetings. The idea is to keep the group small and the meeting short. He won't call a meeting or attend one if two pizzas wouldn't feed the entire group. That's good advice, even for larger companies. There's a popular meme that sums it all up:

"I just survived another meeting that should've been an email."

Creating and Preserving Your Process

It is important in any business to have a system in place that allows you to be as efficient as possible. One of the ways that allows you to do that is to be able to work with all of your clients the same way. This enables efficiency and better service. When your team and your employees regularly do the same sort of task, it allows them to become experts in doing that specific job function. So, serving a specific niche with clearly defined processes yields optimal efficiencies and better margins for your business. Process is vital. Just by utilizing IT improvements in processes, businesses are able to save on average between 25 to 40% of capacity. Let's look at what that could mean for a creative agency.

Example: A smaller-sized agency with five full-time employees, 2,080 hours each, at 75% usability and 40% additional capacity means adding an additional 3,000 work hours throughout the year. That could be used for providing additional services, or for servicing an additional client, etc. What would your business do with an additional 3,000 hours of time?

There was a marketing agency in Los Angeles that I worked with years ago. And when I started working with them, they were a high-revenue driven business. However, they were not profitable. They were completely upside down, cash-wise, profit-wise, and were really struggling. When I reviewed their financial statement, one of the things that popped out to me was that their payroll numbers were much higher than industry standard and much higher than my clients' average. The owners and the managers of the business swore up and down, and they absolutely could not work without everyone who they currently had. My response was that there's absolutely no way for that to be true. Let's figure that out and let's put some actual metrics and numbers to it.

So, we conducted a time study. Each person in the business recorded their time and made sure to list the amount of time they were working with every client, and track every fifteen minutes or so what each employee was doing. So, something that you will find with every business is that employees, when they're not motivated to get things done faster, will use up whatever available time they can. So, if you have an employee that has only three tasks and has 8 hours a day to cover these tasks, each one of these tasks is going to take two to three hours, and they're going to find a way to say they actually need ten hours to do these three jobs that really could've been done in thirty minutes. So, through that time study, I was able to reduce the team composition by 35% of this business that was generating ten million in revenue and had 30 employees at the time. Within sixty days, we turned that business from insolvent into a cash-positive, profitable business.

Having a clearly defined process for the different functions and activities in your business is like having a highly efficient conveyor belt. When you have systems, your outcomes and capacity are clearer, and you can essentially perform, rinse, repeat, and have more predictable results. To accomplish this, it requires establishing exactly where and what your business problems are, and exactly how you got there, and what the reasons are for the way you are currently operating.

Your company habits need to be evaluated to determine if they're useful. You need to figure out exactly what the causes are and how your efficiency is being dragged down. So, whether it's the client, whether it's the owner, whether it's the employee, whether it's the process, etc., the cause needs to be determined. You have to go through your processes and refocus on efficiency. This doesn't mean completely dismantling the business overnight. Typically, you would identify specific areas to focus on. Then concentrate on each of these areas over the course of two to three months.

In a service-based industry, the most expensive resource is your time. That's what you're selling; that is where the majority of the business' expenses will be. The majority of the focus should be on this specific piece – your man-hours and how to reduce it. What I find very frequently is that business owners and people, in general, will approach life and business such that:

a bad business person spends time to save money,

a great business person spends money to save time.

So, I recommend that you find your inefficient processes and change them. I know it's going to be hard. I know that it may be scary. But you have to do it. Time studies are a great way to do it. And just constantly monitoring things and constantly working and communicating with your entire team is very helpful. Take the time to establish KPIs for each department and employee. As you monitor and measure the data, identify ways to improve results and efficiencies. Do this consistently so that you, your team, and your business are always improving and growing.

Starbucks, for example, focuses on customer service and on having a smiling person behind the counter who will always provide a consistent level of customer service. They have trained their employees to do just that. They are very systematic in the way that they have drilled their employees – no matter what's going on, they're going to smile and service each customer the “Starbucks” way. This is because of their systems and processes.

Case Study:

There's an insightful case study featured in Charles Duhigg's The Power of Habit. A sheet metal manufacturer, one of the biggest in the United States, was languishing. Revenue was down, efficiency was down, and they couldn't exactly figure out why. They hired a new CEO that was well-known and had done a number of great things at other manufacturing businesses. He had a company-wide meeting to discuss what they were going to change, and everyone was against what he decided to change. What he decided to change was the company's safety. He wanted to focus on workplace injury and set up a system to do that. He told everyone that if they had any injury, small or large, they must immediately email him to report what happened, why it happened, and what they are going to change, to do differently, so that it wouldn't happen again. And then those changes could be

implemented from facility to facility across the US. This had a huge impact on the way that this business operated on so many levels.

This encouraged open communication throughout the entire business. But most importantly, it created a habit with all of their employees, that for every single problem they see, they immediately thought about solutions to be more efficient, better, and safer. This transformed the company culture that resulted in improvements being made, far beyond safety. It resulted in a dramatic increase in their efficiency. There was a complete change overnight in the amount of output that they produce at their facilities. Their manufacturing plant was able to increase output, and there was a huge increase in sales. When you have people constantly thinking, and communicating openly, and wanting to improve, and wanting to think of solutions, your business will change no matter what. Happy employees who are focused on efficiency, on implementation, on improvement, will produce rapid change in your business. But it starts with the owner.

Having well-established processes and standard operating procedures also helps you and your team to focus on the services that you want to offer. When everyone is following established procedures and managing client services according to plan, there is less risk of your business moving off course. You are less likely to experience scope creep because team members will know the established way to respond to client requests that are out of scope.

The Risks of Micromanaging

Business owners that micromanage often do so because they feel out of control. Being out of control as a business owner is something that you will constantly struggle with. I feel the same from time to time. And when you own a business, there is always something to cause stress. It's your name, it's your reputation, it's your income, and it's having employees that you rely on. For so many years, American culture has been telling you that if you want something done right, you need to do it yourself. That faulty messaging extends to a lot of business owners and executives turning them into crazy micromanagers who try to do everything. They become more nervous if an employee makes a mistake or something goes wrong. Very frequently, I work with clients to help them stop and break that habit.

Ultimately, the right personnel must be in place. You know you have the right personnel if you think about each person as someone that you would eagerly re-hire knowing everything you know about them today. If you would not enthusiastically rehire that person today, then they should no longer be in your team – sometimes, it is just that simple. When something does go wrong, you need to focus on rectification rather than blame; blame the process, not the people. There is something wrong in the process that allowed that mistake to happen. Figure out why it happened, figure out how it happened, and figure out a system around preventing that how and that why from ever happening again. Once you have created and implemented a new process to correct any potential issue or mistake, you'll feel a lot safer; you'll feel a lot more in control without needing to micromanage the process or your team.

Sometimes, you need to get out of your own way. You should not take on any roles in the business that you are not good at. Each role should be assigned to the best qualified individual to handle that position. That may mean a specific role might not be right for you. Do what you are best at and choose team members that can handle the stuff that you're not so great at. And if you selected them correctly, you should trust in their skills, and not need to micromanage them.

Using Technology to Improve Operations

Sometimes, it can be impossible for a business owner to be able to drive that amount of perspective and change on their own; it's a huge ask and often just not realistic. It can be a challenge to recognize and focus on different areas of the business in order to break with and improve efficiencies in the business. There are a few different areas that are massively important in being able to have efficiency for scaling the business. One of the first pieces is technology. Many businesses are running on antiquated technology, still having servers in their offices when secure cloud technology is already available. The cloud technology allows you to have the ability to work anywhere and access your files from anywhere; you can share files with anyone and easily edit it. You really should have the majority of your system in the cloud. It allows your team to use project management and efficiency tools, which, I have already explained, can save you an easy thirty to forty-five minutes a day in conquering your inbox. Each business will have

different pieces of technology that they can utilize. But a project management tool that works for you (based on the type of marketing and creative services that you offer) for task and time management is extremely important. And if you're not utilizing the technology that's out there today, whether it's AI or project management-based, you are failing your business.

The Importance of Training to an Efficient Operations

Training, for example, is an area that can be a huge burden to a business. It can easily be time-consuming for managers, executives, and business owners. This is an area where standard operating procedures can apply. A standard operating procedure is not only for "do this when this happens"; it can also be a consistent and repetitive training program or training manual. One of the things that I like to do very frequently, and recommend to my clients, is to standardize and record their training system.

The vast majority of what is done in the creative service world and in the world, in general, today is done on computers, over-the-phone, but primarily on a computer screen. Have a screen capture system, record what you're doing every single time someone asks you about a process or procedure. Record a video, upload it to a system where it can be saved and easily accessed by your team; tag the subject matter and allow access to whoever needs it. This reduces the need to train or retrain any employees as they step into a process or transition to other roles in your organization. When your team can quickly access what they need to know, that will save a lot of time. It also assures that the training that each team member receives and how your SOPs are outlined remain clear and consistent. This makes it less likely that your team will deviate from your optimal SOPs and processes.

There are two programs I use – SnagIt (techsmith.com) for screen capture and uploading, and Stream for video management.

The Tools to Optimize Efficient Operations

Another area that is really important is for employees to have access to the tools they need to do their job. I find it interesting that so many mature folks, and a lot of my clients, are apprehensive of the millennial generation coming

into the workforce. At this point though, the millennial generation amounts to about 35%, a third of the workforce. And over the next 10 years, that could grow to about 60% of the workforce. This means you need to have modern tools for your team to work with. For example, if your creative team is operating on just one screen, what are you doing? Your employees must have the tools that they need so they can be at their best, so they can accomplish their jobs and be as efficient as possible. Your team must have the tools to do their job effectively and efficiently, whatever that means. Each business is going to be slightly different. If you're a graphic design company, for example, you're going to need Wacom tablets; If you're a marketing agency, it's going to be a three-screen set up with an open floor plan. You might also need a proper project management tool or a program that has instant messaging for your employees to be able to communicate better while working on projects. So, it all depends on the specific service, the range of services, that you're offering. But make sure that the right tools are there and available.

There was this graphic design company that I worked with in Santa Barbara that had many inefficient aspects to their business. They had a payroll system that wasn't directly feeding on their project management software, so they couldn't actually see reports that directly relate to each project. They couldn't see how much money they were earning on each project. The owner had a team that was actually going through and taking the information from one system to another system and manually inputting it. The process took about 50 hours a month! This was remedied with a \$50 intermediary software program that reduced the processing time from 16 hours to 4 or 5 minutes!

Managing Scope Creep (and Your Clients' Expectations)

Another client, a marketing agency here in Los Angeles, had a huge problem with scope creep and with managing the expectations of their clients. One of the things that they didn't have was open information where each of their employees can see what they need to know. Your employees need to be able to see the contract and understand the percentage of company revenue the client represents. Some companies spend so much time and effort to hide information from their employees so that the employees wouldn't know how much money the business is earning. The truth is, this is completely counterintuitive. If you're spending too much time with your managers having to explain over and over what's going on with each project and why this initiative is happening right, etc. then you're not getting the buy-in from

your employees, and you're spending so much time fighting against people that are wanting that information. People are not dumb. They understand why. And if you're not giving them that information, they're going to become disenfranchised. So, be open. Let your employees know what's on the line. They will then have a greater understanding of what must be done and what is expected, and more likely achieve the performance markers that need to be achieved.

What we ended up doing at that LA agency was change the way they launch each project. Every launch started with a meeting where the team went through the contract, the scope, the exact budget (top line to bottom line), and how much money was coming into the business and going to that specific project. What they ended up discovering is that, through the new process, scope creep was almost eliminated. Topline revenue went up 15% because they turned scope creep into additional billable work. And the most astounding metric was that their gross margin went up 28%! That amounted to just under three-million-dollar difference in profit. Because the employees were told what the budget actually was, they worked within those budgets appropriately across the board. And for every person on a project, they gave them an incentive structured on whether they accomplish the goal under budget or exactly within budget, encouraging them to work together and exceeding the expectation of the owners and the business.

Generating Revenue Leads to Happier Employees

What some business owners fail to recognize is that as the business makes more money, you're giving the employees more security in their jobs and their future, driving them to work together on common goals. As mentioned previously, this is the primary reason for someone coming to work. So, build that team, have them work towards something together, and be open and honest with them about what's on the line.

Sometimes, as I mentioned, the problem may be you. One of my clients was a production company in Los Angeles. The owner had a personal prioritization mindset that had a costly impact on her business. She would spend a lot of time talking about small dollar amounts: \$5 here, \$10 here; just small little discrepancies. When a word was misspelled in an email she would get the team together for a meeting about how important it is to re-read your email, over and over, to ensure that they were no misspellings or grammatical errors. She would do this process for this or that, and that

completely destroyed the morale of the employees. On one occasion, she spent three hours with a team of five people talking about how ridiculous it was if someone spends \$15 on parking fees.

Employee Appreciation Leads to Greater Motivation

You also need to make sure that your employees are happy, that you treat them well and show them you appreciate them. This may mean you have a refrigerator stocked with healthy beverages, fruits, snacks, etc. It may mean you have some comfort such as relaxed work areas, space for employees to have fun and connect, and have a pleasurable environment to refuel their creativity. This could also mean subsidizing a gym or yoga studio memberships. You get the idea.

When employees feel appreciated, they're healthier, happier, and they are more invested in the business. There's a study that determined when companies provide their team with snacks and food, employee engagement, on average, goes up by 80%, and that the small expense for these simple perks pays dividends in employee creativity, retention, and productivity. Retaining the team that provides your services to your clients is key to efficiency and consistency.

Measure and Celebrate Your Team's Success

Another matter that is really important is having ways to measure your successes in each project. Let's say that this month you're focusing on increasing efficiency or meeting a budgetary goal for a list of retainer clients. Your budget will vary depending on each client, and you may want to reduce the amount of time you're spending on your retainer clients, etc. If that's the goal, then you need to have a time-efficient meeting with all of your team members on the target account to review the actions required to work toward those goals. You should have a 15 to 20-minute meeting twice a week, once a week; whatever frequency you think is going to be helpful for the entire team who works on those clients. You're going to talk about the different ongoing issues you see, the time involved with those clients, etc. Use a big whiteboard to list every single one of your clients (a SWOT meeting). Make a graph that tells you what percentage of the goal you're

currently at for each, month by month. As the goals change, change the board; let your team see accomplishments, failures, new goals, etc.

You need to have open communication with your team and should encourage them to share their successes with each other. You should highlight achievements and team members for their accomplishments. Recognize everyone's successes. Have your team members share the tactics and methods that helped them to achieve the goals they've reached. This helps other team members to improve, and inspires them to do well to get recognized. Something that I really like that my employees think is a little funny, weird, and quirky, is a gong in my office. Every single time someone hits a goal, meets a deadline, or wants to celebrate something, they go and ring it. Celebrate as a group. I can't emphasize enough that employees come to work to be part of a team, so develop and nurture your team for your benefit and the benefit of everyone else.

I can't emphasize enough the importance of creating a fun and enjoyable environment with your team so they'll enjoy coming to work every day and be more engaged. Make sure you engage with your team so you gain a good understanding of who they are as individuals, and be able to develop a free-flowing communication with them. You don't ever want to be in a situation where your employees dread coming to work. If that happens, they will not be efficient or truly engaged.

One of the best ways to engage your team is through team-building activities. Leadership and management must be engaged with your entire team, at all levels, making sure that you know about things that they enjoy, their hobbies, their interests, and actually be truly engaged with them as individuals, not just as your employees. You should also give them opportunities to connect and bond outside of work. One of the ways we achieve this at my company is by having a quarterly team-building event. We spend a day learning about each other's interests. For each quarterly activity, we assign a different team member to plan the activity and the concept behind it. This gives the planning team member an opportunity to take something that they thoroughly enjoy doing and plan the group event around it. This allows the entire team to expand their horizons and learn about the interests of their co-workers. We've done all sorts of interesting things together, and in the process, greater bonds were developed. This essential bonding and team building nurture a more efficient and happier team.

Ultimately, the key to having an efficient operation is to understand the needs and roles of your team. This means providing them with the right tools to do their work, and setting their goals, performance targets, and

accountability. This also means helping them develop time management skills, setting proper and consistent training, establishing standard operating procedures and processes, creating bonding opportunities. And remember the value of open communication and celebrating as a team. Your team is essentially your product, so be sure to create an environment that yields the best product outcomes.

CHAPTER 4

Fixed Fees and Pricing

Hourly Fees vs. Fixed Fees

Many marketing agencies and service-based businesses charge by the amount of time for work completed. Time and Cost model was originally developed in the early 1900s and having a business built on a foundation that's well over a hundred years old is outdated. Modernizing this is a fundamental concept that will have a huge impact on your business model and financial success. A service-based business should switch to a value-based billing model with fixed fees for services rendered, and there are many reasons why that is recommended.

With a time-based service business, the only way to generate more revenue is by adding more employees and more billable hours, and increasing your employees' utilization towards those billable hours. You want them to get 80% of their time being billable, billing a minimum of 1800 hours a year then multiply this by your ideal markup, and you have your billable rate. The only way to increase revenue is to increase their bill rate, increase the number of hours they bill. With an hourly billing model, this being the only way you can increase your revenue numbers; your options are limited unless you adapt.

However, when you change to a fixed-fee business, you increase your revenue number by creating additional capacity and efficiencies, not by finding ways to bill more hours. There are several benefits to making this significant transition for a value-based business.

Time/Billing Model vs. Fixed Fees

Some important distinctions and components to changing your pricing model include:

- Realizing that your services are worth more

- Finding the courage to charge more
- Increasing all prices immediately
- Offering additional services at the time of buying
- Creating a standard menu of services and fixed-price list
- Establishing prices in advance, not in arrears
- Articulating the value of each project eloquently
- Getting rid of low-margin services and low-margin clients
- Improving your language and sales skills
- Targeting more profitable clients and services.
- Using value-based fees for each service—not hours x rates

Changing from a time-based business to a fixed fee structure requires a mindset change that will help to realign your agency for a more successful financial foundation. You need to be clear on what your average project billings will be, and set how many projects you need per year to achieve those goals with a fixed price model. There will also be more opportunities for you to provide additional services to existing clients. Once you set your project goals and new pricing, you need to drive towards your new goals. The first challenge is to make sure that your agency has project-specific financial clarity. Many agencies do not have a clear picture of each project's specific financial targets and actualization.

You need to know:

- if a client relationship is profitable
- how much time you are spending with each client
- the costs associated with each client
- what and how your target profit margins are achieved
- the average Hourly Earnings Per Client

Whenever I suggest this “radical” mind shift in a business that is failing to achieve their financial targets and goals, I usually get some pushback because it's “industry standard” to use the Time & Cost & Billing Model, you bill by the hour, you bill by your cost associated with the project with an agency fee tacked on top, that's how it is done. But I make it clear to my clients that if they really want to accomplish their financial and growth goals, they need to make the switch. Usually, one of the biggest fears of changing to a value-based pricing model is that they will lose clients. Typically, in most cases, I see very few of their clients choose to take their

business elsewhere. Of course, it all depends on the way that my client positions it to their clients. The best way to explain is to say –

“We are changing our billing model to remove the unknown for our clients. We are aware that, from time to time, the hourly billable rate causes you to go over budget. We are moving to a fixed fee model so that we can remove the unknown from a budgetary perspective for you. At the start of each project we will provide you with a fixed cost for the scope, allowing you to have assurance that you will get the same work product without any variable costs.”

In order to make this billing transition happen, we implement a process to figure out services and fixed costs depending on the type of creative agency, and depending on the type of services that you’ll be offering. We’ll review prior projects to ensure that we have an all-encompassing understanding of the expenses that have come up for each project. We’ll talk about minimum required income, top down and bottom up budgeting and how to use it. We’ll use their historical data to build the cost structure of your fixed fee billing model. When meeting with the client, you will determine what value will be provided; consider the cost to the agency, the target margins for the company, and blend that into the fee that you will present to the client. Then whenever they add or launch a new project, they’ll understand exactly what the cost is going to be.

If you want to improve your business significantly, you need to reimagine it. You need to be motivated to change the framework of how your business functions. You want to create procedures so your business can operate without you. You want your employees to perform all business functions systematically and easily that it’s almost impossible to make a mistake, and it’s so second nature that it just happens quickly and efficiently.

As referenced earlier, ‘The Power of Habit’ is a book that I recommend to clients frequently. It explains the importance of habits and systems and processes. If you walk into a Starbucks or a McDonald’s, the product is the same from one store to the next, and the reason is because of their processes, their training, and the way that they habitualize their employees. All employees are trained to function in the same way. Store to store, business to business, you have an assembly line organization that allows continuity and efficiency. With a product that their customers can regularly expect, they will be ‘evergreen’ customers.

Upon embracing the strategy behind replacing the Time & Cost & Billing model with value-based pricing there are additional areas in which an agency must take action to help fortify the financial foundation. As noted

above, train your team to maintain habits that ensure consistent and efficient delivery of your offered services. As the owner, you will also need to be clear on how to budget, design your chart of accounts, prepare financial projections, assess, and close out projects, achieve consistent improvement, improve your profit margins, and manage scope creep.

How to Budget

This is where the financial and analytical sides come into the picture in order to optimize the business and allow for consistent improvement. Many times, agency owners have someone from an accounting office running the numbers and they're not even looking at their reporting, they are only focused on closing deals and on their creative functions. While they are also very important, a business owner must be closely watching the financials, driving improvement. A lot of businesses are run by the seat-of-the-pants. They're not paying attention or having oversight over the management of a project. They may say, "Hey, you need to spend whatever you need to spend to manage this project." This means that, frequently, businesses don't have established processes. They haven't set up a process around making sure that their accounting team is reviewing purchase orders, expenses, and project profitability. They aren't able to determine where they are and what has been spent vs. a specific budget. They are leaving their businesses' futures up to chance.

Let's say that you're managing the creative and graphic work for a national campaign. Whether you have contractors executing or you're using an internal team, there are high costs associated with every hour. You need to understand how your costs will impact the project budget. Let's assume you are using external resources, so you're hiring someone to do some graphic design work for a splash page on their website and then you're working on building some creativity around a couple of different magazine ads. And while you have this team that's executing this project for your client, they are doing so and exceeding the budget amount without any understanding as to why that's happening, as they too are billing by the hour without direct oversight. In a lot of these instances, I find that a systemic cause for this budget overage is scope creep; make sure you have a defined scope and adhere to it. The accounting team, account executive, and management should be able to notice and say, "Hold on, you're exceeding the budget."

You need to know why your team is exceeding the budget. Did you budget incorrectly? Will you have to go to your clients and say you have to increase

your fee? Your accounting team, your account management team, your creative team, and your business development team all need to be in better communication with each other. You must also have a process around making sure that you're bidding and paying the amount that you should appropriately pay for those specific expenses so you don't go over budget. I often find that account service teams and creative teams are not focused on fiscal responsibility; they are focused solely on client satisfaction and retention; many times, to the detriment of the company, lowering already below-target margins to keep a client happy. So, it is important to not have a fiscal responsibility aspect, or a fiscal part of a business to be managed by someone that isn't typically expected to be fiscally responsible. This is a key reason I recommend budget templates that take the thinking out of the mix and help the business development team to bid appropriately and consistently.

How you price your services will have a significant impact on the financial success of your agency. Charging for the value you deliver, rather than the amount of time you initially hoped it would require, is a more logical and beneficial business model. This, of course, requires that you have an accurate awareness of what benefit this will bring your client, what it will cost you to provide your services and stay on-budget while achieving the desired result.

Then, if you're able to save a percentage of the time it requires for you to provide your various services, then you'll significantly increase your average hourly earnings for each project. You can continue to refine and save 5, 10, 15, or 20% year-over-year on each client. Continuing to refine your process is the way you will take your business to the next level. When you change your business model to value-based, there's more motivation to improve efficiencies and margins. Your entire team is encouraged to find more efficient ways to deliver services in a consistent and routine way.

Designing Your Chart of Accounts

In order to accurately budget for projects and campaigns, you will need to fully understand the various components of creating an effective budget. It starts with designing your chart of accounts so you can prepare accurate financial reporting for all client projects and systematically actualize spend. In my experience of consulting with clients to accurately structure their financial reporting, we have seen increases by as much as 36% in profitability.

So, you can see how important this function can be to your agency's success. When you review your project records, you'll be able to determine your average product value, average hourly earnings, and determine where adjustments are needed.

Then you can project such as – "I've got X number of clients. We do an average of Y projects a year. For each one of those clients, we average Z projects a year with an average profit of \$x amount." You can determine how many projects are needed, or what adjustments are required to meet your financial goals. You need to know your average product value or campaign value to set that goal and make initiatives to drive towards them, whether that's increasing the prices across all projects or increasing the value per sale with your clients.

Make sure you understand what that goal is. Set that goal and drive towards it. As Pearson's law dictates, what is measured is improved. Make sure that you are offering the services that your clients need and the services that you want to offer.

You also must attack and leverage your average hourly earnings. For example:

Let's say that:

- you have Gross Profit before Payroll of \$3.5 million
- you have fifteen employees, which is 31,200 hours
- you're making an average of \$112 an hour

If your goal is to raise average hourly earnings to \$175 an hour for all hours worked, how are you going to do that?

Let's assume:

- you're going to increase efficiency by 35%
- and 20% by increasing your price

Set your goals and work towards accomplishing them daily. Creatives provide a lot more value to their clients than they give themselves credit for. Without you, the product or service that your client is selling would not be in front of their target demo. You need to realize that your services are worth more, and you're worth more, so find the courage to charge more. Make sure that you're offering all the services that your client needs to achieve

their goals at the time you sign on a new client. It will help your client achieve their goals. Provide them value, increase your retention, all while improving your profitability. This is easily accomplished by having a standard menu of services that you offer and a corresponding price list, increased only by the value you will provide. You have to price your services for each project in advance. Period. Eliminate your low-value, low-margin services, and your low-margin clients today.

I had a client that freaked out at first because he “fired” 25% of low-margin clients. Some of his clients were actually costing the business money and I advised him to go on and purge those clients. At the same time, I suggested that he bring on some additional employees. He had some capital that he was willing to invest in the business, and he started working on a marketing campaign to make it happen.

After about 3 months of providing notice to his low-margin clients, the team had significantly more time to work with the preferred clients. The employees were much happier. They got rid of all the pain clients.

There was time to prep and train employees to be ready for all the new clients that they anticipated bringing in. They were able to service them, and service them well, as they started to bring on ideal clients and their value-based fixed rates. Around the forty-fifth day, the client said, “Robert, I think that you may have driven me in the wrong way here, I’m really afraid, I’m freaking out.” I assured him he was doing the right thing to boost his business. That 25% that he fired was worth half a million dollars in revenue. After 180 days, they brought in new clients worth \$3.2 million in new, annual revenue. They had higher-value clients. They reduced their overall client load. The margins were higher. The employees were happier.

The actions that I suggest and the concepts that I go through with clients sometimes seem drastic. Sometimes they even seem scary, but they are designed to challenge you. The point that I made to the above client was, “What’s the worst-case scenario? If you were to lose that 25% of your revenue and you don’t end up replacing it, you lose all the clients that were earning you almost no money or even costing you money... you’ve eliminated the need for a couple of staff members, and you’re making more money than you were making before...” Less work and more money, not a bad case scenario for me.

So, make sure that you target more profitable clients and more profitable services. Never bill by the hour. When designing your chart of accounts, create an excel document and a process for your Business Development team that allows them to input all the different components that may

potentially be involved in each of your campaigns. Build a process around being able to make sure that you are removing the human error and the forgetful aspects of the budgeting process. Be sure that you're properly budgeting and building in enough margin into your projects so that you essentially remove any chance of error. You can use something as simple as an excel file or build out a CRM (Customer Resource Management) tool. CRM such as Salesforce allows you to build it directly into your CRM creating a proposal that's sent out directly to your clients, systematically and automatically. One of the best aspects of this is that all actions taken are reportable, allowing for your analysis and improvement.

Your reporting needs should be designed around how you're spending money on your campaigns. Let's say that in one instance you have a budget for model brand ambassadors. So you should have a GL account specifically for the talent you have, and you make sure that you also have a GL account for the uniforms you're going to spend on those models, a GL account for parking fees, a GL account for the premiums that are going to be handed out, a GL account for the gas and the mileage that you're going to have to reimburse for the toll fees and other transportation fees, etc.

Make sure that you design the chart of accounts around the sort of services and the sort of expense that you're going to have while executing your services. With this, you are able to generate a report that provides you with a detailed comparison of how the project is performing to budget, with as much, or as little, detail as you need. You then can use that information and that analysis to be able to shrink down those financials into an executive-level view. In some instances, I have had clients suggesting that this level of detail in their reporting is more than what they needed. When it comes to reporting, it is much easier to summarize than create additional detail that wasn't previously available.

You'll be able to expand your financials, so they are helpful for the management and for the team that's actually executing that project and that campaign. You are able to get an executive-level view of those financials so that you can make high-level overviews and business decisions, rather than deal with why someone paid \$10-\$15 for parking fees.

The key value to accurate budgeting and reporting design as you execute each campaign is that you will learn from each project and you can budget better the next time. With access to detailed reporting, you will be able to take away lessons from each executed project and continue to improve your accuracy and profitability. Knowing what it costs your team to deliver each service will also help you to charge what you are worth, and have better control of your margins and profit.

Financial Reporting

Project financial reporting is very important to your agency. One of my clients is an experiential marketing agency in Los Angeles. When I first started working with them, they had decent margins, but with ample room for improvement. So, what we did was institute a budgetary process at the beginning of a project and then we started to produce a weekly report for the team. We basically said, “Hey, this is what your budget was, this is how much you’ve spent so far, and this is what you have left.” We designed the purchase order and expense process with them. My team helped oversee, process, and report to their team and the management allowing them to make adjustments. This also allowed them to keep projects in check, especially when they stray from the original scope. They were also able to oversee a three-bid process properly for larger budgetary items for a specific campaign. As a result, they experienced a 36% increase in their gross profit margin, on a business that was generating \$10 million a year.

Closing Out a Project

Interestingly, a lot of people and businesses alike don’t harness the power of failure. They essentially allow failure to go untapped or unused. Creative service businesses don’t take each project and look at it as an opportunity to improve the business in different areas: whether it’s financial, technological, functional (processes), or operational. And often, it is the financial reporting that reveals areas that can be improved. You should document your successes as well as your failures and improve upon them. This is an aspect that so many businesses are lacking. Successful businesses use their failures to drive their business to achieve greater success. After all, it is in your failures that you will find ways to adjust the business to allow for it to reach its goals.

In order to fully assess the financial result from any project, to see if there is room for improvement, you will need to close out the project. At the end of a campaign, or of a project, you should have an internal meeting to talk about your successes and failures. You need to be able to recognize what happened, what went well, what didn’t go well. This invaluable insight will help you to improve your process, to recognize if you didn’t account for enough spend in a certain area, and to identify other technological and procedural issues that you can correct. Then, the next time you execute a similar campaign, you’ll have a more accurate budget proposal and process.

The closure process of any project, depending on the type of service or work that you're doing with a client, may change slightly with each agency. Typically, a closing process starts with a checklist of items that need to be done in order to actually wrap up a project.

- Do you have assets that need to be delivered or returned to the client?
- Are there items that need to be stored?
- Do you need to charge the client for that storage or for the following year's campaign or activity?
- Do you have digital assets that need to be saved, archived, or returned to the client?
- Review Sales Budget, Working Budget and Actual Spend
- Were client objectives achieved? Why? How could we improve the results?
- What was the feedback from the client?
- What was the impact, internally, on the team?
- Did this project meet internal objectives?
- Hold a wrap-up meeting with the client

One very important aspect of the closure process is conducting a financial review with the account team, the operational team, and the accounting team. The first step of this process is a review of the financials specific to the project, making sure that the operational team and account team have reviewed the financials to ensure that all expenses related to the project have been documented. Any expenses that should not be tied to the project are corrected and clarified. The next step is for all involved teams (account service, operations, finance, etc.) to review and document all of the project's successful and unsuccessful results. Upon reviewing the failures during the project, the teams should create plans to improve service, product, deliverables to the client, etc.

So many agencies have had no, and do not actually have, project or campaign wrap-up meetings with their clients, despite the undeniable benefits of having one. There are numerous benefits of showing the client the successes of the campaign while reviewing what the goals were at the onset. There is an opportunity to showcase the accomplishments and show the client the areas where further improvement is possible on the next campaign or project.

One of the most important and pivotal pieces of the wrap-up meeting is to include your business development team. An estimated 40-50% of these meetings yield additional bids and proposals when the business development team is present to facilitate discussions on new initiatives and objectives. Without a wrap-up meeting, this potential business could be missed. So, there are clear benefits of closing out a project. You will see how you can improve your efficiency and success, you will fortify your relationship with the client, and you may yield additional business activity that would have otherwise been lost.

Consistent Improvement/Improving Profit Margins

As you build habits into your business that help you to continually improve your efficiencies and financial budgeting, there will be opportunities to improve your margins and your overall profit potential. The key is to consistently focus on improvement. A lot of businesses have the idea that they want to earn 15%, 20%, 30%, 40%, or whatever that number might be for them on the gross margin on their campaigns and their services. But the thing that a lot of people are lacking is the understanding of what their business actually needs to earn to cover their expenses monthly, their burn rate.

On a monthly basis, the company must earn the target gross profit to cover administrative expenses and yield profits. Whether it's a six-month or a month-long campaign, whatever that might be, the minimum margin that they must earn per month, must be clear and achievable. This understanding plays a crucial role in the budgeting process, and when building your quoting and bidding process. For this reason, you should review and improve your budgeting process semi-annually. You might determine that you need to increase marketing spend in order to achieve your goals or that you need to bring on three new people in a department. Your entire team needs to be aware of your margin requirements, and whether the margins are being met. So many businesses have no idea what their margin is, and they are completely off track on being able to hit that margin and being able to make sure that the business is profitable or can reach its true potential. Without this, achieving your goals is unlikely.

There also needs to be systematic ways for your team to be able to measure its success with each of the initiatives. For example, if a company has a goal for the quarter to have an average of 30% or 40% gross profit margin, how

are they going to know when they're bidding on a job what the margin is going to be?

Many creative agencies that I've worked with have had issues being able to determine how much time it's going to take to accomplish a job. There are two reasons for this. The first being that they're working on items that are not well within their wheelhouse. The second reason is that they don't have a process or procedure around how to gauge and understand the amount of time that it's going to take to invest in a specific campaign. They may also not be clear on what activities will be required to achieve the client's goals.

One of the things that I've implemented with a number of clients to avoid these challenges is setting a budget sheet in the initial budgeting process with any campaign, rather than trying to determine the number of hours that it's going to take for a creative campaign. Think in terms of what percentage of a team member's time will be needed to deliver the project objectives. Once you've gone through the process for a number of campaigns in a number of projects, it's a lot easier and much more accurate for you to determine your budget and target margins. This will help you to ensure that the budgets you create will allow you to hit your margins and deliver successfully without overburdening your team.

You need to understand where your expenses are in the business to be able to operate and achieve your goals, and then be able to recognize if you're achieving the revenue numbers to be able to support your team and your monthly burn rate. If not, then you need to make adjustments and creatively think of how to reduce your expenses. Ensure that you have the minimum margin you need, and you're bringing in the revenue that you need to yield the profits you need to achieve your goals.

Making sure that your team is aware of the company successes and failures for each campaign allows for consistent improvement. This also encourages your team to focus on their own personal successes and failures so that they can make individual improvements. If you don't do this, you are the only person rowing in a boat full of people. You must learn to leverage your entire team.

Establishing & Communicating Scope

In order to be confident that both you and your clients are not unhappy with how the projects unfold, it is important to establish and maintain good communication. This is especially important as you onboard a client and

clarify the scope, the services you will provide, and the budget. The project scope must be communicated to your team as well as the client.

The scope of the project must be contractually outlined and clearly communicated. But what often happens is the client very frequently wants more services throughout the course of the project. As issues and tasks come up, you might have additional needs to be able to serve the client, which is great, and you may be happy to provide that additional service. But your team needs to know that, so they can communicate it to either your account executives or your BD team, so they go back and submit a proposal to the client for the additional work that is outside the scope of the contracted work. Otherwise, you will start to have your budget overrun by scope creep and not meet your targets.

In addition to clearly communicating the scope of the project and all of the services that are included, it is important to establish and maintain effective communication with the client throughout the project. Perhaps the number one issue with service-based companies is that they're hung on not communicating their successes to their clients as well.

However, the value of the successes to them, when working under a fixed-fee pricing model, is significant. Clearly, it is important to realize that you need to know and understand how a campaign was either successful or not. This will obviously influence your client's satisfaction with your services.

When charging value-based fees, the value you deliver must be clearly communicated to the client. Your successes help to fortify the value that you bring and can help to support potential increases in your fees. Failing to communicate the value could easily jeopardize the renewal of that contract. The majority of agency owners presume that the client already knows it. But it is irrational for anyone to assume anything about someone: what someone knows, how someone would respond, how someone would believe, or how someone thinks, etc. So, I suggest that you communicate frequently with your clients. I have some clients that meet with their clients weekly. Determine what cadence is best for your business and put it into action.

More frequent meetings are better. Have a quick 20-minute or 30-minute check-in with your client on a weekly basis, especially on your larger accounts. It is something that is a completely reasonable thing to do.

Also, if you recognize that a client isn't happy with the overall campaign because they aren't getting the expected ROI that they wanted, then you need to be proactive in communicating with that client to discuss how to

revise the campaign to improve results. At the least, you need to analyze and learn from the results so you can make future adjustments to improve effectiveness for all of your clients. What could you have done differently? Why are your results different than in the past? Are there societal or demographic changes that are now impacting your results? If so, what can you change to correct your process? What changes can you make to assure that you are giving your clients the value-based results that they are expecting? The answers to these questions start with prioritizing communication.

Managing Scope Creep

Finally, it is essential to understand how scope creep can wreak havoc on your budget and profit margins. A lot of agencies have not spent the time or invested the money to have a clear contractual process and to have their scope very clearly delineated in their contract. So, the first part of being able to manage scope creep is being able to say to a client, “Here’s what was actually included.” If you don’t have that spelled out in the contract, it creates a problem. If there’s no real scope that’s outlined in the first place, there will likely be situations where your agency becomes vulnerable to scope creep, and all of the expense and financial issues that follow.

Case Study – Increasing Gross Profitability by 36%

We began working with an experiential marketing agency that had the same billing structure as most marketing agencies in the United States...

They operated on a cost-plus-time model. This meant they charged an hourly rate plus the cost of the outside fee and the agency fee.

Sound familiar?

This is the exact model that creates the potential for scope creep. Over the course of six months, we worked with this client to help them understand that this model isn’t sustainable. The only way they could increase gross profitability was to increase their utilization ratio or upping their hourly bill rate.

And there are always limits to both!

On top of that, the client had a problem with its larger projects. As projects grew in scope, agency fees tended to decline. This is an indicator of scope creep as the client ended up doing far more work than its fees indicated.

They needed to rethink their billing model.

We introduced them to a fixed billing model where they charged based on value. This allowed them to create fixed rates for projects based on the value created. And within that fixed rate, the client could clearly define the scope of the work that they would carry out.

That meant no more scope creep.

It also helped with setting client expectations, understanding ROI objectives, and outlining the true value provided by their work.

The client spent 18 months moving all of their clients over to this new model. The result was a 36% increase in gross profitability. For context, if an agency generates \$1 million in top-line revenue, this one action would lead to a \$360,000 increase in profit on that revenue.

The first step in managing Scope Creep is by aligning your internal team on the contractual scope and what the inclusions and exclusions are. This is typically done during the handoff meeting held between Business Development and Operations.

This meeting will cover the proposal, client goals, scope, budget, and client communication expectations. This meeting establishes the foundation of a successful project and ensures that the entire team has the information and tools needed to expertly execute their job.

You need to review your MSAs (Master Service Agreements) and your Boiler Plate language to ensure that:

- you're protected from liability
- your assets are protected
- you're able to collect fees and charge interest on unpaid balances
- you have clearly communicated the full scope of the project and the exact services that are included – all of the work you will do for the client

- you have clearly explained your value-based pricing and the financial terms of the agreement
- you have outlined the process for handling any out of scope (scope creep) requests and the additional costs that would be involved

I deal with this every day and say to my clients – you have a specific defined scope of work that you’re going to be doing for each specific client.

Let’s say you have an experiential agency that is hired to execute a specific event. But they’re only hired to execute the logistics for that specific event and then the client says –

“You know... I need some updated tents. I need some branding. I need some digital design work. I need a landing page for a website...”

The scope of the project is building. Now, you have branding, graphic designs, and landing page; all these items are outside the scope of the project. It is important for agencies to recognize the risks when this occurs.

You need to tell your client that this is outside of the scope of the original project plan. As a result, you’ll need to actually go through a few examples to see what the costs are associated with the additional services, assuming that this is a service that you offer.

If you make the mistake of just throwing it into the mix without fully assessing the costs and impact, then you risk increasing your costs without increasing your revenue.

What you’re going to find on an ongoing basis is that as a plant grows, as a plan needs change, whatever may happen with a specific client, you need to be prepared to respond to these requests and have a process to handle them. Such as:

“That’s great. I’m happy to provide that service to you. We will provide you with a proposal for the additional services...”

You also need to make sure that your creative service team informs either the sales rep, the client experience manager, or the account manager about those specific items requested.

Then, your business development team can communicate to the client the price for the additional services. Ensure that each and every member of your

team understands each project's specific scope and what to do when out of scope requests are made.

This will help keep your projects from costing you money and involving work that you may not want to do.

COMPLIMENTARY CONSULTATION

If you need help implementing any of the business building advice in this book, just visit:

CreativeAgencySuccess.com/GetStarted

Tell us you've ready this book and you'll be eligible for a free Profitability Accelerator call.

CHAPTER 5

Cash Flow and Profitability

The focus of this chapter is on making sure you have a lean and profitable enterprise. That begins with making sure that you have a documented and systematic process in place for all of the services you provide. When you have documented systems and procedures in place, your operational functions can be performed in a more consistent and predictable manner. This also allows you to budget more accurately, and deliver your services more efficiently.

Most businesses are set up so that their processes are determined by their clients. They develop their processes around the way that their clients want to have their services offered and delivered. This causes significant inefficiency, a lot more admin work, and a lot more employee time loss that you're unable to bill for. Your primary focus should be on providing excellent service to your clients in a profitable way. The best way to do that is by establishing your own procedures and processes and eliminating services that are not best suited to the way that your company functions.

The Importance of a Lean & Efficient Operation

I recently had a meeting with a New York marketing agency where we discussed the challenges of achieving and maintaining a lean and efficient operation. They have, for the last forty years, been operating as a full-service agency. However, they had not defined their service offerings and none of their processes were documented. And they had not determined what among the services they were providing had the most value to their clients. When you're operating your business as a full-service agency and offering multiple services including some that are not within your wheelhouse, you end up providing subpar service. And you are likely providing such services on the low-end because you're trying to learn along the way. These are functions you typically can't bill your client for, and you're not really capable of budgeting time and expenses for, because you don't know how to yet. Staying within your wheelhouse is an important factor in efficiency and cost containment.

Sometimes it makes sense to expand your services into new areas when it's a new service that you know is going to be needed and you plan on offering it long term. Then you can spend the money and time to develop the best process to deliver that new service. But unless it's going to be a new service that you plan on offering to your wider client base, then it's not something that you should be doing for just one client. During your sales process, you should clearly define for your client what you do, what you do well, how you operate, what you offer, and how it is delivered. This allows for your processes to be automated, and to operate the same technology from department to department, so each team member can operate in the exact same way.

Ensure you have your processes as refined as a manufacturer. When you have documented processes and conveyor belt-like systems in place, the result is a reduction in errors, better quality products and services, and higher margins in less time. Processes make sure that your agency creates as much output as possible for every minute, every hour, and every square foot within your space, to maximize your profitability. In the service business, you have to do the exact same thing that manufacturers do. You especially need to focus on your time because that's your product: your employees' time. You need to make sure that every single aspect of your

processes is documented within your wheelhouse: activities you're able to do quickly, able to do well, and able to refine, so you can continue to improve your process.

Very frequently, businesses will scale up by investing in the wrong areas. Rather than prioritizing expenditures on actions that boost revenue, they get caught up in enhancements that are not as impactful, if at all, to the bottom line. For example, they might assume that to grow, they should commit to more office space. But investing in something like better sales tools would really drive growth. Or they might spend money on new computers rather than spending money on the team that they need to grow. It is important to carefully evaluate admin expenses and outside activities. Business owners should focus on what they can afford in order to achieve their goals while making sure that they're actually comparing the amount of money that they're spending on their budgets. It's best to establish your goal budget—your worst-case-scenario budget, and your best-case-scenario budget—at the beginning of the year. Then measure yourself to that budget so, at the end of month one, and end of each quarter, you're comparing your goal budget versus actual spend, and your operating budget versus actual revenue. Keeping a careful eye on your budgets, actual expenses, and margins while maintaining spending priorities, are all necessary to enhance your business's success.

Let's say that you're actually closer to your best-case scenario, and when you're in your best-case scenario you can make adjustments to your operating budget so that you can increase the spend to implement new software or a new system. Sometimes that new system can eliminate the expense of an employee and allow the business to scale more efficiently. Expense decisions that introduce automation or tech that can replace the need for an employee should be carefully evaluated and considered. Such a change might make sense and it could be the right action to take. The advice that I often share with clients is that ***“a good business person spends money to save time and a bad business person spends time to save money.”*** Ultimately, in a service-oriented business, you need to save as much time as possible while delivering excellent service to your clients.

So many businesses and service agencies end up in a position where they have millions of dollars in annual revenue but are currently losing money because they're offering too many services and don't have any member of their team at full capacity. They have a myriad of people with different specialties that they must keep in order to continue servicing their existing clients while not really recognizing that many of their activities are not profitable. The focus of any business should be on having the right amount of team members with the specialties necessary to execute the service

offering while maintaining profitability. For many full-service agencies, this way of doing business often results in a lot of time write-offs. Sometimes, I see companies mark down their billable time by as much as 70%. This is a core issue that I work with my clients to remedy. Over time, my clients are able to not only eliminate write-offs but boost their write-ups (billing more).

I often recommend a Time Study to help clients figure out what people are working on and how, and where inefficiencies may exist in their workflow. An agency I've worked with is a great example of how a Time Study helped. The agency was very successful but they were fairly small and overstaffed by 19 people. By doing a Time Study, they were able to eliminate between eighteen and twenty unnecessary employees. Their reduction in unnecessary costs was significant. They were able to reduce their total expenses on payroll by just under a million dollars a year. This is the benefit of going through, and actually documenting processes, and focusing on increasing efficiency. It frequently is the difference between profitability and insolvency.

Sometimes, business owners are hesitant to make personnel changes, especially if inefficiencies are discovered among partners, a friend, a long-term employee, a family member, or another employee that the owner has loyalty to. In these situations, I may remind them that if they are not motivated to accomplish these goals, then their goals may not be a priority. If that's the case, then that needs to be acknowledged.

Outsourcing and Offshoring

Most of your employees' primary tasks are conducted using phones, emails, and computers. These tasks can be done from anywhere. Since labor costs are generally the most significant fixed business expense, it is beneficial for agencies to outsource or use offshore employment, where appropriate. Even organizations that have millions in revenue, with high grossing retainer clients, are better off outsourcing or offshoring some of their work.

Though they're functionally similar, outsourcing and offshoring are two different things.

What is Offshoring?

With offshoring, you typically have the employee, or a team of employees, working for you full time. This means that they're a part of your team and you have full control of what that employee is doing. You actually train

them the same way that you would train an in-house employee. The key distinction between in-house and offshore is that the offshore employee is located in a different country. Given the current state of communication tools, having an offshore employee could be virtually seamless. Many agencies discover that they can find creative talent located in the Philippines, Malaysia, and India to do graphic design, digital work, web design, etc. In the U.S. market, those services might cost \$34 to \$40 per hour. However, the rate might be just \$3 to \$6 per hour in the Philippines or India. That could change your service costs dramatically.

What is Outsourcing?

In some instances, a company can't afford to have an offshore employee full time, or it may be difficult to find the required level of expertise offshore. In these circumstances, outsourcing may be the superior option. Outsourcing involves hiring a business or individuals to perform specific tasks that are needed. These can be one-time or ongoing needs with complete flexibility in utilization on an as-needed basis. Outsourcing can utilize talent located anywhere in the world.

Such employees require the same type of quality oversight and screening that you would apply to a typical employee to protect your company from errors and issues. You need to hire well and supervise well, or make sure that you're using a good agency that's managing those employees in that foreign country, and that the HR you're working within that country is properly vetting candidates.

The key difference is that outsourced people aren't part of your organization. Instead, they're somebody else's employees who you're leveraging to accomplish a specific task.

How Can You Use Either to Your Advantage?

With the differences between outsourcing and offshoring established, let's look at how you might utilize either type of team member.

If you're bringing in a large project that is going to take some high-level work, you can outsource that creative work. When you go through and establish the services that your agency is going to offer, you typically want to make sure that you either have an established relationship with someone that can represent your brand as if they're internal, or you need to have someone that is going to be able to manage that work, especially if the outsourced worker is in a foreign country. The challenge is to integrate the

outsourced or offshore worker as a person that is part of your team. A vendor or a person that's not part of the team could become disenfranchised or disinterested in the job. They may then provide your client with a poorer quality product, compromising the relationship.

Sometimes, agency leaders are afraid of what offshoring really means to their operation. Many people think that offshoring means they are hiring an Indian company to do jobs for them and the horror stories that they have heard about this. However, with offshoring, you have a full-time employee that works 40 hours a week for you. As already noted, given the current state of communication technology and robust tools for connectivity, having an offshore employee can almost feel as if the employee is in-house. Emailing, instant messaging, screen sharing, and video calling can provide the same accessibility available with in-house teams. I have even seen clients with offshore team walls in each department, with screens and cameras for each individual, so that they can walk up to the remote team and speak with them the same as they would if they were in-house.

As noted above, the majority of employees in the creative services industry work in roles that can be done from anywhere in the world. So, if you have an office in a location where the cost of living is much higher, and thus the cost of employees is much higher, then offshoring could make a significant difference to your bottom-line. Why would you continue to pay someone in the U.S. \$75,000 or \$80,000 a year for something that you can offshore to an employee in another country at 20% of the salary price in the U.S.? If you are able to offshore 3-5 roles with this range, your agency would easily save over \$250,000 in wages. This solution is best for work that is not client-facing. Client-facing work is best kept under your roof, in-house, when possible.

Most of the time, unless we're talking about a fairly large company, it makes sense to hire a significant number of employees offshore. If that number is in the 30 to 40 range, I would suggest that the management of the offshore employees be done through an agency. The management should deal with payroll tax, HR administration, team building, and all of the pieces that make them engaged and involved in the day-to-day of their employment and with your company as well. Some employers are concerned that they will lose control over the employee. The reality is that you'll have about the same control that you would have over any employee. Learn to trust your team members, and if you don't, you should replace them. Where they are located doesn't change this fact.

The country that I recommend most often is the Philippines. The cultural similarities to the U.S. and to western culture, and their similar accentual

inflection, are a good match. In general, I have found they enjoy working and doing the work that they're doing. There's a significant difference between outsourcing to India versus the Philippines. In my experience, the Indian culture seems to train and school potential employees in a way that hinders the quality of their decision-making process.

During client interactions, they will toe the line, standing dogmatically on the predetermined corporate response they're supposed to give. I am sure that you have experienced this when calling a large multinational company. They are groomed to think that this is the rule and so this is how you respond, this is what it says and this is how you respond, and there's no give-or-take in there, no ifs, no buts. This type of function is great for administrative or non-creative work. Filipino interactions come across quite differently; toeing the line when necessary, but with more free-thinking, willing-to-bend-the-rules attitude, based on what seems practical. For many, this may mean a much happier client without costing your business.

In certain instances, it makes sense to offshore; in other instances, it makes sense to hire under contract, outsourced labor. So, the agency norm is that you need to have the full breadth of those people. It makes it a bit more problematic when you don't have people eager and willing to be on monthly retainers and being more project-based. Then you may not be able to ensure that you have the amount of labor needed for specific job roles. But keeping a person for the sake of it, being a norm for the industry, is financially irresponsible. So, part of maintaining a truly lean operation requires an open mind about your employment options.

In order to make wise staffing decisions, you need to actually figure out what sort of revenue numbers you're expected to hit in the next twelve to eighteen months. I find that many agencies focus on what they can afford and what sort of revenue numbers they want to hit, and then determine what sort of process and how many employees they need. The balance between the service offering, current contract, and budgets, is needed for profitability. The executive team of any agency must focus a lot of time and energy on these estimates. The key takeaway here is that you can cut a significant amount of fat out of your HR operating expenses, without compromising the quality and flexibility of your operation.

Cash Flow and Profitability

Building and maintaining a lean operation is absolutely necessary for you to have sufficient cash flow and profitable and sustainable business. Your

G&A (general and administrative or operating expenses) must be carefully evaluated to direct adjustments that improve your efficiencies.

The primary focus on cash flow is ensuring that you have regular reporting, to project what cash flow should be so that you can make well-informed decisions. There's a ton of businesses that look at their Profit & Loss, and look at their balance sheet, and assume that contains all the information that they need to know – that they're profitable month-to-month. But something that many businesses don't recognize is that you can go out of business while profitable because you're not able to manage the growth and not able to manage the spend required with that growth. With cash flow, timing is everything.

It is staggering that 70% of small businesses with less than 30 employees and less than \$10 million in annual revenue fail, and that most of them fail while profitable.

Let's say that you're a marketing agency and you have an opportunity to sign a large contract with a Fortune 100. These companies typically expect to pay in 60- or 90-day terms. In order for you to actually service this contract, you have to pay to hire ten new employees. You have to start paying them in the next two weeks, even though you're not going to get paid on an invoice you're going to generate 30 days from today. And then, when you generate that invoice 30 days from today, you're still not going to get paid for 60 more days.

You may have the cash available for you to be able to pay for the next 30 days, but then you may not realize that at the end of that invoicing period you still have to pay your employees for the next 60 days to continue servicing this account. Let's say you're an experiential marketing agency and you're putting on a large event in which you have to pay your vendors before activation. I've seen it happen to agencies when they didn't negotiate with their vendors properly to allow for them to have the terms that they need so that they can execute the event. So, they then end up in a massive amount of liability because they didn't project cash flow on the project correctly to make sure that they could afford to execute the contract while waiting for payment on their invoices. They purely see the revenue number. They can see the contract but they don't actually evaluate the viability of that contract or negotiate that part with their client at the very beginning.

While income statements and profit are important financial reports, I am convinced that the cash flow is most critical as a tool. In fact, the overall projection (of the financials, sales, and cash) is one of the most important tools that a business owner can use to run their business because when

you're looking at a financial statement, you're looking at something that's already happened, you're not looking at what's happening tomorrow. When you don't have the necessary reporting, you can't plan for something that is happening in two weeks, three weeks, or 90 days out. When that happens, future demands are going to hit you in the face two weeks down the road, and you could have had advance notice to avoid that major pitfall. But without the benefit of projecting, things could now be on fire in front of you and there's no way that you're going to be able to put it out. It's too late, your business has failed; you've lost that major account that you just spent all of your savings to get and all because you didn't project what your cash flow is going to look like. Don't let your business become part of that statistic.

Case Study – From 45 Days Until Insolvency to a Saved Business (And a Saved Marriage)

45 days.

That's how long one of our clients said they'd last if they didn't change their cash flow position. A full-service marketing agency, the client was in an insolvent position. They had a looming excess of payables amounting to over \$700,000 that they didn't have the cash to pay. And worse yet, various outside circumstances almost seemed to conspire against the client to keep them from making changes.

We had a pretty immediate problem to solve.

During that first month, we worked on solving the negative cash flow position. This included negotiating with lenders, re-amortizing loans, and extending loan payments where possible. We also met with many of the client's vendors and lenders to create new payment arrangements.

The hard work paid off.

Within that initial 45 days, we took the client from a negative cash flow to a positive one.

But the work wasn't done yet.

We'd solved the immediate problem, but we now needed to ensure that it wouldn't happen again.

Over the next 12 months, we worked with the client to conduct a deep analysis of the entire business. We deep-dived into their services, clients, and even their team members to work out how the business needed to operate to stay in its healthier position.

Prior to this, the client had just experienced its worst year in over a decade.

Staggeringly, this deep analysis, coupled with the work that came from it, led to a complete reversal of fortunes. The client ended up doubling the profits they'd generated over the last ten years combined, excluding the poor year that put them in this position!

Now, saving the business was a massive result for this client. But we'll leave you with a direct quote to show you how much of an impact this work had on the client personally:

"If it weren't for you, I probably wouldn't still own my home. And in fact, I probably would not still be married."

Learning how to control cash flow had a deeper impact on this client than even we realized at the time.

All agency owners must commit to properly manage and monitor their cash flow in order to protect their profitability. It is essential that you always request deposits and fees in advance. Gross margins and net profit margins must be carefully calculated and monitored. Credit and loan activity must also be carefully managed. If loans are needed, prepare to negotiate for favorable terms. Prepare your company financials so they are marketable to banks. This could improve the terms you receive when the need arises.

It is also helpful to understand factoring and projecting out your cash flows. It can hurt your negotiations when you do not know and understand your numbers. What you need to be doing, so that you're not having cash flow issues, is making sure that you're getting that deposit before the project starts, so that you're not sliding and taking out loans to make ends meet. High-interest loans can and will diminish into your profitability; I have seen them turn a profitable project into a loss.

Let's say that a project has a 15%, 20%, 30% profit margin and then you end up taking out a 20% interest loan to fulfill the contract. This will eat up a majority of that profit margin. Then you'll start spinning out of control.

You're fighting with employees because you're not able to make payroll. Then, you're not servicing the client well either. Everything is a mess.

Cash flow projection is a very simple thing to overlook and can be rather complicated to project if you don't know how to do it. There are plenty of tools and systems that allow you to automate your calculations. However, there's nothing that really compares to the data analytics that someone in a high-level financial position is able to provide. This is the real benefit that you get in making sure that you have someone on your leadership team that is able to guide your financial decisions because these projections can make or break a company and I've seen it do both, time and time again.

Projecting Profitability

Your agency should have a sales pipeline report to tell you what revenue you have falling on what month, and what expense you have falling on those corresponding months. You also need reporting that can guide your profitability six months, twelve months, and eighteen months from now. You need to know how the actions that happen today, will impact your cash flow, revenue, and profitability in the future. How are you going to know today if your business is going to be profitable 18 months from now if you aren't watching the needle?

A recent new client in Los Angeles told me that they had just recognized that the reason they were in such a bad financial predicament was that the salesperson they had a year prior wasn't really pounding the pavement, and the owner of the company had potentially checked out and thought that he had a leadership team that was accountable but wasn't looking at their reporting.

Many business owners don't realize that the benefit of being a business owner is that you don't have to necessarily dedicate as much time with the business' operating functions if you have the proper succession planning and proper management in place. Then you can work from anywhere, you can have the life you want. You can do whatever you want with your business. That's essentially what I focus on doing with my clients. However, you still have to monitor and make sure the people that you've put in place are accountable, and you need to have reporting in place that keeps them accountable.

Let's say that in order for you to be able to project out profitability you need to know how many sales emails are going out this week, how many capabilities presentations were given this month, how many proposals were

sent out, how many sales meetings were held, what is your average day of aging on a client, what is your average project growth with each client, etc. How many team members do you have currently on staff and what are the utilization ratios? Are you able to see the number of billable hours? What is the average hourly earnings of each one of the employees? Do you have a system that alerts you when you fall below target and minimum KPIs?

By knowing these details, you will have your finger on the pulse of the business. To know the financial health of your company, it is important to monitor the past, but it is more important to monitor the future. You can't change what has already happened, but you can change what's going to be. And if you have your eyes looking ahead far enough, you can affect a great amount of change, and you can also anticipate tasks that you need to do or issues that you need to fix much sooner, and make sure that you've done what you need to do to ensure the continued profitability of the company. If you don't have the metrics and KPIs and reporting you need, your business is never going to be successful. You'll always be chasing your tail because you're always looking behind at what happened to change what's happening tomorrow. Don't allow your business to stagnate.

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You need to prioritize exactly what you want, and if that isn't your focus, then you need to realign your goals to match your priorities. The key takeaway here is to protect your business from the risks of not knowing your activity, cash flow, revenue, and profitability.

CHAPTER 6

Mitigating Risk and Liability

Every agency owner must realize that there are several situations that could introduce risks and liabilities into the agency's operations. These situations could potentially destroy your agency. So, it is imperative to focus some effort on identifying, mitigating, and insuring your agency against your various risk exposures. This section should not be construed as legal advice. However, these are considerations that I highly recommend you discuss with your legal counsel and insurance advisors.

You need to make sure that your business entity structure is managed such that risk exposures are properly insulated. For some enterprises, this means segmenting liability with multiple entities that support your core company. For others it may simply mean that your business is adequately insured. An additional component to protecting the company is to have carefully designed contracts in place to protect the company from operational and financial risk exposures.

I find that smaller businesses shy away from hiring legal support. Yet, there are numerous situations that could, if not carefully navigated, lead to litigation. HR is a major source of potential risk exposure. Franchise operations create issues. Employee or partner embezzlement is also possible. Client disputes are also likely, and after long enough, all but inevitable. Sometimes owners may want to prove themselves right, even though giving a refund might create less financial damage than litigation. These are all possible situations that must be anticipated as potential risk exposures so that you can take actions to prevent, reduce, or mitigate damage if they occur. This is an important area of focus as part of common-sense management.

Case Study – The \$500,000 Mistake

Unfortunately, we have a story of a client who didn't follow this advice soon enough. Based in Los Angeles, the client was a full-service marketing agency that left itself wide open for litigation and other issues.

When we first began working with the client, they had no systematic processes for approving contracts with vendors. On top of that, the client had no insurance in place to cover any liabilities that they faced.

We recommended fixing these issues...

But the client decided not to follow our advice. They didn't want to invest in insurance policies or retain a legal team to help with any issues. So, the client plowed ahead in the same manner and it eventually came back to bite them.

A short while later, the client entered into a dispute with a vendor. We felt that the client had a valid case against the vendor and this was proven in court, with the client winning the case.

But the cost of that victory made it a Pyrrhic one. This one protracted legal dispute cost our client over \$500,000 in legal fees. This created huge issues for the client as they now found it difficult to maintain their quality of life and keep up with all of their personal and professional responsibilities.

Had they made sure their contracts were in better shape before working with the vendor, they'd have mitigated the risk of working with them in the first place!

As painful as this situation was, it was also an eye-opener for the client. They started putting all of the processes and systems that we recommended into place. And now, they have a reliable system for risk mitigation that will help them to prevent lengthy legal battles in the future.

Having this protection is a massive thing for the client. While it's important for the business, it's also crucial for the client's peace of mind. In fact, they told us that getting all of this in place led to their first peaceful night's sleep for as long as they could remember.

Another issue can arise when a business receives large deposits for account services and then uses the funds to pay for things other than the management of that account. When there are cash flow challenges, this can be a tempting option for some firms. However, this can easily compromise the servicing of the account (where the funds are actually for) and hinder the delivery of the services that are needed.

Needless to say, it is financially risky to take funds from one project and use them for another. What ends up happening is that the firm can actually be losing money, without recognizing it, as they scramble to work around their cash flow problems. As the problem continues to grow, they don't pay attention to the resources they are actually pulling from one account to another. By the time it catches up to them, they're not able to execute the project or the campaign that the funds were intended for, causing them to have significant liability. The result is a huge risk that should be avoided. There is also the risk of not being able to pay bills on time. All these factors can and will negatively impact client relationships. You must put processes and safeguards in place to assure that you can fulfill all of your obligations to your clients without any contractual breaches. Internal check-in meetings, proper oversight, and open communication among your team are essential.

Of course, this is also a good time to be cognizant of scope creep. When a business is not really paying attention to this, it causes more liability, and in some instances, it may cause huge problems for the agency. Make sure that you're clearly communicating the scope to stop clients from exceeding that scope. Also, make sure that you're communicating your scope to your team so that they meet that scope as well and accomplish it by providing deliverables that are due per the contract to that client.

Something I commonly tell my clients is that there should be some sort of service standards. I always recommend that, if there has been a mistake, they apologize and make restitution the very same day. So, for example, if the client brings up something, you say, "You are so right. I'm sorry. I don't understand how that happened. I will make sure to fix that... I will make sure it doesn't happen again and this is what I'm going to do to make it right." You're going to end up in a much better place than you would otherwise.

Another book that I very frequently recommend to people is 'How to Win Friends and Influence People'. The book covers an essential principle that you can't attack someone when they've accepted all the blame in the situation already. I'm not suggesting that you should accept blame for something that you shouldn't be accepting blame for, but there's always some blame in a situation. Keep in mind that people often do not remember what happened, they remember how you made them feel, be sure to have the client leave feeling appreciated, and heard. That client will be around for a long time if you can accomplish this.

For example, one of my clients was having an issue with their client and I helped them draft an email to them. Their client was upset because they had expected to receive a service that wasn't included in the scope. The team

was actually providing the service for a while, for free. When it was discovered and then communicated in a meeting to the client that this could not continue and there needed to be a fee associated with it, the client was very upset. They didn't want to start paying for something that they were used to having. Whether right or wrong on the client's part, they ended the call very upset. I worked with the client to craft the email essentially telling the angry client that you were right. The fact that this situation was not clearly communicated from the beginning and is coming out of the left field is our fault.

Whatever the situation might be, it's best to try to find some common ground, and move from there. It resulted in their meeting with the client face-to-face. They explained the situation; the client understood. My client ended up being able to charge for the service and increase their fees.

Insurance Offers Crucial Protection

I am a firm believer in insurance. I like to sleep soundly at night. So many businesses and so many business owners shy away from spending money on insurance and then end up realizing they should have had it. You can end up in litigation that could cost you half a million dollars but would have cost you only \$5,000 if you had insurance protection. Without insurance, you could be exposed to a legal claim that could cause serious damage to your business.

One of the insurance policies that I suggest to clients, especially when they're doing business in a democratic state that has a lot of employee protections, is Employment Practices Liability Insurance. It can include wage and hour protections, and there's actual employment practices protection which typically protects you against any kind of harassment, disability, or wrongful termination claim.

Litigations could be expensive. And the vast majority of the time, you presume that the legal system says you are innocent until proven guilty – that's criminal law. The responsibility is on the employer to prove their innocence. Most of the time, you end up finding out that it's much more expensive and costly to defend yourself, and you're going to end up spending years of your life to deal with the litigation. But when you are insured, the vast majority of these cases may end up settled, in many circumstances with your insurance typically taking care of that settlement.

I also highly recommend just with general HR that you should be pretty systematic about the way you conduct reviews. Not only can you mitigate

risk with contracts, insurance, and policies, but you can also massively mitigate your risk with management training. Very frequently you can end up in litigation with an employee, or with anyone really, because they were emotionally offended, emotionally connected to a situation, and they end up responding vindictively toward you. They want to get back at you for something that you may have done that hurt them.

People are emotional beings. If you leave a person feeling understood and heard, and you're doing things with a smile even if the message (what you're saying) is not necessarily what they want to hear, and you are doing so in a professional manner, then you can typically mitigate the risk of the situation. If you have an employee that has done something wrong, rather than going into the situation of telling them what they've done wrong or dictating to them how they got into the situation, ask them what happened and then coach them through it; explain to them what was wrong about it so they understand the situation. This approach can significantly impact the decision that a person makes.

If you're in business long enough, you will likely have some type of legal dispute at some point for something; protecting yourself as an individual, protecting the assets that you have accumulated over time, is important. This is especially important for business owners. There's no point in spending time accumulating wealth that one day may be taken away from you because you failed to put protections in place. So, having insurance that protects you from litigation, defends you as an individual so you're not spending your personal money defending yourself, along with making sure that you've incorporated or set up your business to have as much legal protection available to you by law, and also making sure that you have your assets protected as well – are all very important actions.

Make sure that you've set yourself up to be as well protected legally and contractually insurance-wise so that you can go to sleep at night knowing that you don't have to worry. There is already a lot to worry about as an entrepreneur servicing your clients, you don't need to be worrying about liability on a constant basis as well. Having that peace of mind is extremely beneficial.

Contracts must also be carefully evaluated for potential issues. These could be contracts with clients, employees, and vendors. The agreements you make must be evaluated to identify any potential risks and litigation exposures. There must be attempts to mitigate any exposure and there must be common sense when addressing any disputes.

Be sure that you are indemnified, and that you have no punitive damages, in case a client is adversely impacted by something that you've done. This includes being responsible for violating advertising regulations, or some sort of malpractice; make sure you have been indemnified from their marketing because you are acting on their behalf. You need to look at what laws are proceeding over that contract and make sure that you have sought out the legal counsel that specializes in the laws that oversee that jurisdiction. Make sure that you're not entering yourself into an MSA that is going to create a lot of risk for you.

In HR situations, the management of how employees are hired can also have a significant impact. One agency might have all external employees managed in-house while another agency might build a layer of protection. That may require using a staffing agency that manages all the hiring of your outside team or having a media buying agency that handles all the media buys. For example, an experiential agency might have all external hires working for the agency, provided and managed by another entity, that is essentially owned by the agency. This may protect the parent company from potential employee litigation. The key is to understand your operation and potential exposure, and insulate your business accordingly, maximizing the protections available to you by law.

Your business will have a variety of risk exposures and potential for financial issues. It is imperative that agency leadership identifies the businesses' range of potential challenges and put in place processes and assurances to guard the business against harm.

The reality is that as a leader, you may need to be empathetic with your clients, vendors, and employees, in order to minimize the risk of disputes. Confrontations driven by ego could prove damaging to your agency. The goal should be to reach agreements or settlements rather than defeat a challenger. Long protracted disputes are costly and harmful to any organization. Your focus should also be on ensuring that you have the best corporate structure to not run into liability issues.

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Many businesses don't necessarily think about these risks until too late. Every business owner must consider their liabilities and protect their assets. For example, if you have a contract that has physical boots on the ground in a different state, there may be implications that require you to register as a foreign entity operating in that state, or register and require you to collect sales tax, or require you to have business license in that specific city where that contractor is working. You, as a business owner, need to be sure that you have considered the ramifications of all of its functions to be sure that you are secure, and that you have limited the risk as much as legally possible.

CHAPTER 7

Service and Client Satisfaction

One of the essential elements to building a profitable business with growing revenue, that serves your vision and needs, is your ability to provide excellent products and services. Your client relationship determines the success of your business. Even in my own business, I am focused on the promises I make to clients and their revenue and growth goals. If I'm not helping my clients attain higher revenue, increases in their gross profit margins, and a higher level of happiness in their business, then I'm not going to continue to retain those clients. Any business that fails to satisfy its clients will not function well and will eventually fail, or at best, spend significant energies in sales for the purposes of stagnation.

So, the first thing that I want to stress is the importance of a Class A client. In order for you to be able to service a client well and be engaged with a client, you need to enjoy working with that client. That's why I recommend and push my clients to prune their client list until they only have Class A clients. I know that it's a process to go through, and a lot of business owners don't want to lose their Class B, C, and D clients immediately because of the impact on revenue. But you need to focus on elevating your clients that are on B, C, and D to become A-level clients by giving them the process and the parameters in which you work, and then decide whether you want to continue working with them. It's extremely important that you have the desire and want to work with all of your clients. If you don't purge the ones that you aren't thrilled to work with, you're not going to serve them well, and overall, it's going to damage your reputation and the morale among your team.

If you have a client that is a pain, business-wise, I can guarantee that the client is not generating revenue equivalent to your best clients. Your Class A clients are the ones that you enjoy working with, that work within the parameters that you've set for them, are in your target niche, and are meeting your revenue targets. When you evaluate what you are generating in revenue from your B, C, and D clients versus the drain and costs on your team and resources, the reality can be eye-opening. B, C, and D clients often deplete your business rather than enrich it. And when you really look at the numbers, it becomes clear that if your B, C, and D clients cannot be cultivated into Class A clients, then they need to go before they kill your business.

This may seem like a difficult process to clarify, but I find that when I help my clients to create the necessary financial reporting to evaluate their clients and business functions, decisions become evident. When you see the financial and reporting data, you are able to make sound decisions about what is best for your business, your team, and for you. This is necessary to build or transform the business your way so that it fulfills your life vision. These are not decisions that should be made using gut feelings. They must be shaped by your financials and data reporting.

It is quite common for business owners to worry about the clients they know they need to let go and how they might engage with them afterward in social settings. For example:

“...what does that do for Bob? I’m friendly with him. My children and his children go to school together and I’m still going to have to see Bob every Wednesday when I pick up my kids from school and it’s going to be awkward if I fire him.”

or

“...our kids play on the same baseball team together,” or “We’re both on the board of a charity together,” etc.

The way I help clients manage this delicate process is to explain that you don’t have to tell Bob that you’re firing him. You can increase your fees to a point that makes sense for you and Bob says no to you. Then say, “Bob I’m sorry but this is the price that I’m charging the rest of my clients. I need to increase your fee so that our fees are balanced but I’m still giving you a 15% friend discount.” You can tell him that and let him say no to you, or you can tell Bob, “Hey, I’m no longer offering this service. Because of our relationship, I’ve continued to offer it, but I need to restructure my company now and I’m no longer offering this service. So, what I’ve done is I’ve put together a list of other companies that I’ve worked with and that I’m confident can provide you the services you need.”

So, as you can see, you can tactfully make changes that will help you purge your business of the clients that are hurting rather than helping your business. And you can purge without compromising any social relationships. You can facilitate these transitions and make sure that the end of the relationship is amicable. You don’t want it to be a bridge burner by any means because that would also hurt your reputation. These changes can be done in a nice way that someone will hear and truly understand.

The truth is that, if you are not willing to do this and you continue working with clients that you don't want to work with, then you might as well go work for someone else. If you're not doing what you want to do and spending the time doing what you want, then you can avoid all of the stress of owning your own business and provide your services to someone else's business. What is the point of owning your business if you're not deciding what you're doing with your time? It's time to rip off that bandage and take the necessary action to build, or restructure, your business, your way.

Servicing Class A Clients

A primary component to your success, after pruning your business to cultivate and nurture Class A clients, is to make sure that those clients are delighted by everything that you're doing for them. Of course, part of what makes them your perfect Class A clients is that they need the services that you enjoy providing. So, your focus needs to be on making sure they are satisfied by providing them with a great product so they keep on coming back. Your clients are happy when you're able to provide them with the results that they need. With each success, you have the content for a case study to attract new clients with similar profiles and needs. Your objective should be to deliver the results that you promised and to offer your Class A clients the services they need to accomplish their goals. This is absolutely necessary so you can retain your best clients and attract more Class A clients to grow your business, doing the work that you enjoy.

Managing Expectations

As I have emphasized in previous chapters, managing expectations is essential to your clients' satisfaction. A common issue I see with many creative businesses is that expectations are not clearly defined or communicated. This includes timeframes, target results, methods of measuring results, or methods of delivering services. The scope of projects is also not clearly defined. Clarifying expectations is necessary for client satisfaction. Clients need to know what you're going to deliver and when. They need to be very clear about what services are included and what is not. They need to know when to expect updates and progress reports. You need to ensure your clients understand these items as you explain them. Otherwise, they will be dissatisfied if they misunderstood some aspect of the project. If you (or your team) do not clearly explain what is supposed to happen, what they will receive, and when to expect deliverables and reports, they will not be satisfied. So, you need to manage these expectations from

the very beginning of the relationship, and again at the beginning of all projects.

Case Study – From 35% Attrition to 5%

A media-based creative agency begins to recognize a growing amount of client dissatisfaction. This is despite the fact that they offer some pretty valuable result-driven work. This dissatisfaction led to a high attrition rate of 35%.

Realistically, that should be lower than 5%!

When we started working with the client, we found that they didn't have a process in place to clearly define client expectations. The agency didn't communicate its value well and offered little indication of how it would measure results.

The agency needed a process that would improve client satisfaction rate.

This process started from the point that the client signed a contract. From there, an internal meeting took place between the business development and ops teams. The purpose was to ensure the ops team had a defined scope of work and understood how to measure results for this client. Of course, all of this gets communicated to the client too.

We also established protocols for client communication and created a schedule of meetings and weekly check-ins for each client. Again, the purpose was to define the scope of the deliverables and ensure the client knew exactly what they were getting.

Finally, we had the agency implement a post-campaign meeting to review results with the client. This allows the agency to figure out what they did well and what needed improving. It also opens the door to talk to the client about the year to come.

Having this defined process produced amazing results for the client.

They now have an attrition rate of less than 5%, and their clients understand the “when”, “where”, and “how” of the agency's work.

We have already covered the importance of having processes in place for the various functions of your business. This is to assure that you are operating consistently and efficiently. Managing clients' expectations is no exception. You need to have a process in place to assure that there is clarity and understanding of expectations at the beginning of every relationship, and again at the beginning of any project. If there is clarity on all expectations, and there is ongoing status reports and communication to notify the client that expectations are being met, there is less risk that a client will be unhappy with your work.

Sometimes clients are unhappy at the end of a project, even though all of the objectives were accomplished. When this happens, it is likely because the business failed to clarify the plan and deliverables, and to communicate the progress and achievements that were expected. Your process must include scheduled regular updates and check-ins with your clients to assure that they understand the milestones that are completed as requested. You may need to test and refine your process to deliver the right frequency of contact and communication to create optimal results with your clients. You should also set a process around making this better every time. Whenever you learn what you could be doing better, you must take action to improve your process.

Delivering Five-Star Service Every Day

You must deliver WOW service to your clients every day and with every interaction. If your client is not leaving a conversation or sending an email with a smile, why not? If you are working with your ideal Class A clients that need the services that you enjoy delivering, then there is no reason to not be delivering exceptional service and results. When you deliver that five-star treatment, your clients will have that happy feeling at the end of every conversation. Be sure to establish service standards so that your WOW factor is embedded in all that you do when you engage with clients and Class A prospects.

For example, if you want to make sure that every single time a client comes into the office, you offer a bottle of champagne or offer them coffee, then make sure that you have a process in place to execute this. Or, if you want to make sure that the whiteboard or the television screen in the conference room says "Welcome John" or "Welcome Emily" when you have a meeting, then have a process in place to assure this is done. Do you want to make sure that when their birthday comes around you give them a call and wish them a happy birthday? Do you want to make sure that every single time

you provide a delivery date that you exceed that delivery date? Do you want to respond to every phone call, every inquiry, and every email the same day that they come in? Do you want to make sure that you send them a gift at appropriate times to celebrate a significant milestone with a client or when their campaign achieved the desired result? Then you need to create a process so that you and/or your team can make this happen every time. Determine what makes your clients happy and repeat that. Build it into your process. That's how you deliver WOW service every day.

One of the key items that I go through with all my clients is the necessity of having checkpoints with them. Whether weekly, monthly, or quarterly, these check-in calls are extremely important for the client. They are essential to finding out where and how that campaign and that relationship is going. Sometimes I hear business owners say, "I don't really have the margin or the time or the ability to do that for this project." However, you should have built it in, to begin with. It doesn't mean that it needs to be a long conversation. Set an agenda and set a timeframe for each meeting and adhere to it. Make sure that in these meetings you're discussing what you're working on for their project or campaign. Make sure you're discussing the successes and failures. Clients need to know where a campaign isn't working. This is relationship-building. This is developing trust. And ultimately, this is how you grow revenue with each client.

The client needs to know what's going on and why something may not be meeting their expectations. Admit it and own it. Explain what your plan is to change and fix that. You'll get a whole lot more client buy-in that way. If you avoid the issues that are at hand, the client is going to feel ignored and lose faith in your ability to meet their needs. And then the client is going to find another agency. Communicating effectively is paramount to customer satisfaction.

Agencies also contend with the challenge when clients have initiatives to reduce spending, so they move things in-house. This could mean you are not delivering the services that they need or you're not giving them that warm happy feeling. You don't have the loyalty and trust built with that client. You're not doing enough, you're not meeting with them enough, you're not having enough communication with them, and you're not delivering the results that they're expecting. As companies get larger, they tend to bring some of these services in-house, but the overall expertise that you have, the advice and the value you offer, shouldn't be something that you lose. So, even if they were to bring a portion of their needs in-house, they likely will not bring all services in-house. If you don't have loyalty to a client, if you haven't been properly communicating, what are you really doing to help them?

If you start hearing on a fairly regular basis that clients don't have a budget for that anymore or that they're going to RFP and that you're going to need to be competing against another agency for the business, this usually means that the client doesn't fully understand the value that your agency is providing. I recently had a conversation with a client going through a similar challenge. One of his biggest accounts has now started making him compete for every project against two other agencies. I asked him if he was getting bids from other consultants right now? And he replied, "No, absolutely not. I would not leave you."

I asked him why?

"Because I really value the time that we spend. I really value the fact that I'm able to get ahold of you when I need you. I really value the change that you've impacted in my business and there's no way as long as that service continues, and I continue to see the results that you're driving. I wouldn't want another accountant even if you're more expensive."

And that is what happens when you deliver WOW. If you're doing the same thing for your clients, they will know the value that you bring to their business. You won't be competing against other agencies because the service that you're providing is making them happy. If not, you won't have the loyalty you need to continue to have the best relationship. This, in turn, enables you to charge higher fees without the need to compete like this.

Communication is key to successful client retention and growth. As you increase the level of communication, you're increasing the level of trust. As you increase the level of trust, you increase the level of the relationship. If you increase the level of the relationship, you can increase the level of fees per client. If you increase the level of fees per client, you increase the referral rate. If you increase the referral rate, you have increased the happiness level of your clients. And when you have achieved the happiness of your clients, you reach your goals.

You also need to accept and own faults when you have them and make amends for them. It is important to admit if there is a failure and explain how you will make improvements. When there's something that specifically went wrong such as an employee that did something wrong, made a mistake, uploaded and published an advertisement with the wrong color that doesn't match the color of the brand, etc., you need to make amends for it. You need to admit it and you need to apologize for it. For example, you may have a monetary credit that's owed to the client, instead of a refund, what I suggest, unless the client is demanding otherwise, is to offer them credit for future

services. Then, allow yourself time to rebuild the trust after a failure, specifically when it was a significant failure.

Establishing Expectations

Managing expectations starts during the sales process. Make sure that the client has an understanding of what you've set out to accomplish, the product and service that they're getting. And make sure that you're providing them with a way to measure the success of the project. Be sure to have different milestones and checkpoints throughout that project and campaign so you're giving them the reporting they need to understand the results. When you have excelled and exceeded the expectations, you should share this with the client to reinforce the relationship.

Once you've determined the services you want to offer, which should be in alignment with the needs of your ideal Class A clients, you can make those services available to help them reach their goals. This doesn't mean you should create or add a new service because the client needs it. But make sure that they know everything that you do to be helpful to them, which is why having a clearly defined niche is important. Something that I suggest, to help clients increase revenue, is to identify low hanging fruit. When you look at a creative service agency, the average sales cycle is between 12-18 months. The only way that you're going to increase revenue in the immediate time frame, is to improve revenue among the clients that you're currently in a relationship with. What I suggest is that over a 3-month or 6-month period, depending on the number of clients that you have, set a couple of meetings weekly to meet with each client in person. Talk to them about where they are, what their initiatives are, what their goals are in the next three years, and how they plan on accomplishing it. You may discover some additional services you already offer, that you didn't realize they may also need. This can help to boost revenue while providing them with what they need to achieve their goals.

One of the items that we're seeing quite frequently in the marketing industry involves media management. A lot of big businesses and a lot of people see ad buying and strategy being more of a commodity. And agencies seem to think and blame the client for this, but I disagree 100%. I blame the industry as a whole. I blame the agencies that did not communicate the value of a higher level media buyer, the value of the experience of that strategy professional, and the value of that creative that you're putting together that motivates consumers to buy a client's product. With the devaluing of the

value perception by clients, agencies moved to having more cost-effective team members managing media spend, making the service a commodity. There's a power in the ability of marketing to change behavior. A hundred years ago, no one brushed their teeth. But a savvy ad man named Claude Hopkins, in the early 1900s, created a campaign for Pepsodent toothpaste. He created a campaign that connected brushing with cleanliness, beauty, and a tingly experience. That ad campaign changed the hygiene habits of a nation. Did you brush your teeth today? That's the power of a successful marketing campaign.

Your Sales Process to Find Class A Clients

One of the things that I do in my sales process is to have a template for my sales meetings. I start every meeting pretty much the same way. I explain the purpose of the call and meeting. I discuss what we want to accomplish. Then I find out why they're talking to me. Why now and why me? Then I try to figure out exactly where that client is right now – What are they trying to do? What customers are they trying to connect with? What are the demographics? Then, I want to understand how they're reaching that demographic and what they've done in the past. I aim to understand what they are having problems with and what they need to help their business. We discuss the value of fixing their challenges and what would happen if their issues are not corrected. The objective of this meeting is to understand their needs, and ensure that I can help them accomplish their goals.

Your meeting should follow a tested format. In the end, the client receives a quote that's referred to as "conceptual buy-in". You're going to establish the value that you're going to provide to them. You're establishing how you're going to help them. You're establishing what you're going to help them with, and you're establishing where they're going to be without the service that you're offering them.

This process frequently results in a sale because it is effective and geared to the point of their needs. One of the most important aspects of this process and the point of this meeting is not to close a sale. The point of this meeting is to build that loyalty, to get that buy-in, to get the client interested in you and your business and what you can do for them. And always remember to BAMFAM – book a meeting from a meeting. At the end of the meeting, schedule the next meeting. You can tell them when you're going to have the proposal in their email, and then schedule a call to go over that proposal and answer any questions that they have.

The landscape is much different today than it was 50 years ago. People don't value marketers the way they used to. People have been marketed to their entire lives, and inevitably, they feel differently about marketing. That's why it is essential that you communicate the value you bring to your client with the work that you do. You need to make sure that you're eloquently and appropriately communicating that value so that they understand what they're paying for and why you are the person to provide the services they need. Many agencies have lost the ability to communicate why their years of experience could affect change faster and get their clients the results that they need.

Someone that is just starting out or someone who has 5 years of experience doing social media marketing and doing Growth Hacking is very different from someone that has 1 year of experience or 20 years of experience. There are wide variances in experience levels to choose from. Your client needs to know how your experience ties into the overall lifestyle marketing of their brand and brand awareness. Clients need to understand how each part of your marketing strategy fits into their sales process. It's not just a small commodity piece of pay-per-click advertising. It's not just a small commodity piece where you're having to retarget on someone's page. It's not just a commodity piece, it's the consulting, it's that added value that you're providing. Companies demand cheaper rates when they believe that this is a commodity and they believe anyone with an account can do it.

The industry has moved into this sort of commodity belief. There needs to be a shift back because it hinders success. Agencies respond to the demand for cheaper rates by eliminating that person with 20 years of experience because they're too expensive. It is not beneficial to then hire the person with one year of experience because that's what they can afford to pay based on the fees that the client wants to pay. This brings down results and client satisfaction. Client expectations drop as well. When you properly communicate the value that you're going to provide, you're better able to charge higher fees and provide a better product, creating a happier client.

One of the concepts that clients have a hard time with, is understanding how client retainage affects the amount of average fees per client, and how that has an overall effect on revenue.

This formula gives you an idea of how it works:

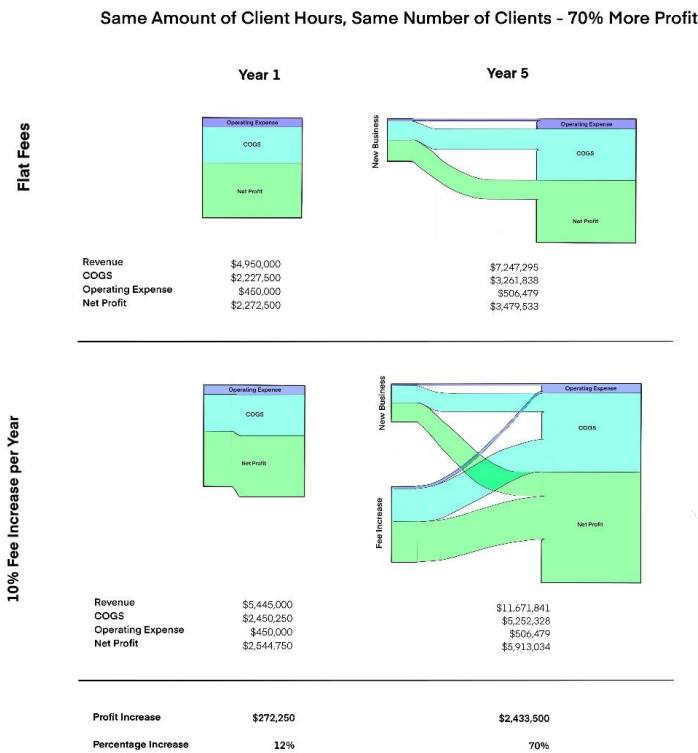
(Average Amount Earned Per Client x Average Number of Projects Completed Per Client Annually) + Number of New Clients Per Year = Revenue

You then take that revenue number and subtract the following from it:

- Cost of Goods
- Cost of Overhead

That leaves you with the profit that your current system generates.

Now, let’s look at what happens if you make a couple of slight tweaks to that position...



Vetting New Clients and Retaining Class A Clients

As you seek to build your client base, be certain that the clients you choose to work with are the type of clients that you enjoy working with. You want

to be selective and vet your prospects so that you only add Class A clients to replace the Class Bs, Cs, and Ds that you gradually and strategically purged.

You must know where that client is and their goals so you can determine if you're going to be able to help them. You need to be sure you want to work with them.

During the initial meeting, while you follow your template, ask the questions to get the background information you need to make a good decision.

Understand their problems and their goals to determine if this is someone that you're going to enjoy working with. You should be able to gauge by the way they interact with you if the relationship would be what you want it to be.

You also need to determine whether you're able to help them achieve their goals and whether you have the expertise and the knowledge needed to achieve their initiatives.

Never tell a prospect that you can do something that you can't; all you are going to end up with is an unhappy client.

So, the key elements to delivering great service and customer satisfaction include:

- Keep clients delighted – This keeps them loyal and boosts referrals. You need to create value, communicate that value, and offer all of your services to each client.
- Communicate expectations – You need to have systematic communication built into your processes.
- Deliver WOW service every day.
- Set your client service standards – Make sure clients walk away with a smile.
- Establish a routine of check-in meetings with clients to discuss progress and challenges.
- Create a structured program of communication including visits, phone calls, emails, and other touchpoints.
- Accept and own your fault when it happens (and make amends).

- Communicate the value you bring to the client. During the sales process, have a good understanding of what they want to accomplish with a product or service and then tailor a way for them to measure success. Then measure it and communicate how you are tracking to those goals.
- You are doing your business and your client's business a disservice if you are not providing them the services that they need to achieve their goals. Have a minimum of semi-annual meetings with clients to review what their initiatives are and discuss how you can help them achieve them.
- Ensure that all of your clients are Class A Clients.
- Always show how the value you bring will impact their business. Do not try to convince them that they need it. Make them want what you are selling.

COMPLIMENTARY CONSULTATION

If you need help implementing any of the business building advice in this book, just visit:

CreativeAgencySuccess.com/GetStarted

Tell us you've ready this book and you'll be eligible for a free Profitability Accelerator call.

The next step to fortifying the value that you bring to the client is by helping them to track results and measure progress. This means knowing about KPIs and reporting.

CHAPTER 8

KPIs & Reporting

A Key Performance Indicator (KPI), is a measurement of activity or results that are important to measure the success and progress of your business. There are different types of KPIs for different industries and different types of businesses. Some KPIs, such as revenue and profit margins, are universal. So, what are the KPIs that are important to measure the success of your business?

What Should You Measure?

A lot of businesses have problems understanding what metrics they can measure and how they can measure them. There are so many tools available and a lot of ways of making reporting accessible and easy for small businesses to be able to use and obtain at a nominal cost. There usually is some cost, but you have to spend some money to do these things the right way. There is a common saying, ***“A bad business person spends time to save money, a great business person spends money to save time.”*** I say, spend the money, save time, and get what you need to grow your business.

Every business owner should have a dashboard or some report that they are monitoring at a minimum once a week or twice a week. At the very least, semi-monthly tracking of the activity that's going on within each department, and company-wide, is necessary. At the CEO level or on the ownership level, you want to look at the amount of sales activity, the amount of sales calls, the amount of sales presentations, the budget, and the number of proposals sent in a given week, in a given month, and in a given year. You need to know and monitor what percentage of your goals have been reached, your margins, your quick ratios, your average aging of accounts receivables, your accounts payables, and more, to understand the true health of your company.

If there's something you're tracking and your monitoring and actually paying attention to, it is something that will improve. I'm not saying that it's going to have a drastic shift between today and tomorrow, but it is something that will improve because it is something that you're focusing on, thinking about, and monitoring. The more activity that you monitor on your dashboard, the less you have to manage the day-to-day operations. You can make sure that things are on track, and know if you're able to hit the goals and objectives you have for the financial stability and profitability of your company.

Companies require constant refinement. They need to be testing everything that they're doing. You also need to be able to gather data, extract it, and figure out how to turn data into a trackable report. You may need to figure out a way to use your system and your CRM to generate the data that is going to be exported into a dataset, that is then going into reports that will be used to build something where you can see the results, percentage by percentage.

Case Study – Achieving 100% On-Time Completion

When our client came to us, they had a ton of issues. Overwhelmed with admin work, the client found themselves short of time to handle other important business operations. Sales goals were being missed and projects were delivered late.

The problems even extended to email responses.

Simply put, too much was falling through the cracks. And of course, this led to a host of unhappy clients who weren't receiving the service they should have had.

Working with the client, we discovered a habitual problem inside the business. The wider team was hesitant to take ownership of issues, and many struggled to follow processes that would allow for growth.

A lack of accountability was the issue here.

We explained to the client that their team didn't understand their objectives and what the client expected of them within the business. This meant the team lacked focus and was completely disengaged from its work.

The solution lay in establishing KPIs that the client could use both to track progress and provide direction to the team. Through these KPIs, the client gave their people heightened levels of responsibility, which naturally led to greater accountability. We also created a dashboard, which we made available to the entire team. This allowed the client to see exactly where the business stood in relation to achieving its targets.

And the initial reports highlighted the extent of the issues in the agency.

The length of the approval process for projects stood at 21 days, which is far too long. And on average, projects got delivered four days past their due dates. We also saw that the team only created purchase orders in 10% of the cases where they were needed.

With the issues highlighted, the client got to work on resolving them.

In just 90 days, the approval process dropped from 21 days to one day! Purchase order processing jumped up to 90%, with the goal now being to get it to 100%. But perhaps most importantly, 100% of the client's projects now get completed on time.

The client told us that implementing KPIs meant that he no longer needed to worry about his business. For the first time in 20 years, he could see his team making progress and working together to grow the agency.

Monitoring KPIs and reporting are also valuable in helping your clients evaluate projects and finetune for better results. You need to be able to show clients how various efforts have impacted their sales and revenue. This is especially necessary with AB testing. You need to track results and determine what actions are yielding the best returns or are more efficient in achieving the company's initiatives. There are also multiple aspects of any AB testing that could invite further tweaking to achieve an optimal outcome.

The creative department head needs to have a report that's going to monitor and confirm that all projects are on schedule. You may determine that it is necessary to make a course correction so that you can ensure that you'll be within budget or able to meet the client's objectives.

There are many more effective ways of managing and being able to manage the current activity than by managing what has already happened. You can't change the past, but you can change what is happening. You can change what will happen tomorrow and can change what will happen next month, next year. If you focus on making the changes to what's happening rather than what happened yesterday, you will be able to create a more effective and more profitable company, one that achieves its objectives and goals.

When it comes to overall reporting, I can't emphasize enough the importance of having quantitative data around achieving your goals. This is another cornerstone item that I work with my clients on. You have a business and should be earning a profit. Efficiency should be constantly improving, and while a simplification, it is still typically true that if you're not improving and growing – you're dying.

So, I work with my clients to be ever-focused on growth, ever-focused on improvement, and ever-focused on change.

There's a good change and bad change. Make sure you are monitoring that change and its effect on the business. You don't want to make too much of

a sweeping change too quickly. You want to do it over a period of time so you can monitor that specific initiative and see its effect.

Using KPIs to Predict Future Results

One of the things that is missed a lot when it comes to the management of reporting KPIs is that executives and business owners always look to the past to try to change the future. What I mean is that they are focusing on a profit and loss statement to see what the expenses were for last month or last quarter to determine what they're going to look like for the future. What I push my clients to understand is that there are other ongoing activities that can predict what your financial statement is going to look like next month, the next 6 months, and next year. Some recognize this fact when it comes to the sales cycle.

For a marketing agency, creative service firms typically have between a 6 to 18-month sales cycle. The vast majority of new leads and contacts that you are starting to get now and reach out to are not going to start generating revenue for 6 to 18 months. So, in order for you to be able to ensure the profitability in sales numbers that you want to hit next year, you have to be cracking your sales activity today. How many emails were sent? How many capabilities deck presentations were made? If you're not able to measure and monitor current sales activity, you can't ensure that your financials are going to be what you want them to be 12 months from now, 6 months from now, or 18 months from now. This is one of the pivotal cornerstones of what I help my clients to understand, manage, and harness for success.

Implementation in Action

Let's say that we are going to implement a new project management software, and the project management software has an XYZ cost with an expectation of increasing efficiency in the operations team by 30% in order to not only cover the cost of that specific software but to also earn additional profit for the company. So, if we're not monitoring and reporting based on the effectiveness that this specific project management software has over time, there's no way for us to ensure that it had the effect that you wanted. Part of the piece that goes into this at the beginning of the project is the need to determine what the current activities are, and how we're going to monitor

and report on changes. You also need to determine what you can measure to evaluate the impact.

There was a project management software that I worked on with a client that managed their email, their workflows, tasks, and allowed for better internal communication. This particular agency was having quite a hard time managing tasks and understanding where things were going and was having issues with client satisfaction and meeting deadlines. They had a hard time following and keeping schedules because they were still working on a spreadsheet and calendars. Important tasks and priorities were just falling off the map. There was no documented system in place so they implemented the software that was actually quite expensive. They wanted to ensure that it was going to actually pay for itself and provide better client satisfaction, so there were a couple of different objectives when it came to this implementation.

We had to find out exactly how much time and how many projects would go past due. They were not meeting deadlines. We did some analysis and determined they were completing 75 to 80% of their projects by the deadline. We then understood why the company was losing clients hand over fist. So, to establish the necessary change, we set some benchmark KPIs for each of the employees to meet specific goals. The company goal with everything was to be completed at a minimum of five days before the deadline. We started creating reports with this project management system that allowed us to track the number of days. When we first started, they were on average 5 to 6 days behind schedule and overtime. And by monitoring that specific KPI, we were able to see who the primary offenders were, coach them, and help them manage their workload and redistribute their work.

One issue is that the challenge interrupted the culture within the company. People were getting nervous about meeting the new deadlines and would rush over to someone's desk and ask what and where something was. Even though they were in the middle of another project, they then had to stop and explain, and then go back to the item that they were working on which was extremely inefficient.

We then revised the corporate culture to no longer encourage interrupting interactions with co-workers. All meetings had to be scheduled in advance so there were no interrupting conversations. We also eliminated notifications company-wide. We had a discussion one day with the executive team and recognized that there were a lot of distractions that happened in the office on a daily basis. One of the primary distractions, and an item that the CEO mentioned, was that her computer caused her a lot of

anxiety. I had experienced this myself in my own business. All of the notifications from instant messaging, emails, appointment alerts and other programs caused distraction every few minutes. It pulls you in different directions, constantly.

We set a date for IT to go into the systems and just remove all notifications on everyone's computers, which seems like a very drastic change. However, it had the effect that the company wanted. They saw an immediate increase in employee engagement, anxiety levels decreased, productivity increased massively, and we had projects starting to get completed on time. The company started to see that work was being done with better quality and higher client satisfaction with something as simple as disabling notifications.

As a result of careful monitoring, we determined the actual amount of productivity and time availability that was gained within that company. It was roughly 40%, which was with a company that had 12 individuals on the actual production team. At 2,080 hours per year with an 80% utilization ratio with 12 people times 40% gave them 8,000 hours of additional time. And when it comes to a creative agency, that 8,000 hours of additional time is a lot of additional revenue. Because of a small shift, with an IT change, they were able to boost results company-wide.

Leveraging Your Team

If I were to walk into a company today and ask one of the lower-level team members and an executive in a middle management role what the company's goals are and what the trajectory is, and vision is for that company, I would likely receive extremely different descriptors. Often, there are people driving the company in different directions and eventually splitting the company apart. Make sure that your company goals and vision are well-understood by all employees. Everyone should be driving in the same direction.

One of the ways that you can ensure everyone understands where the company's headed, and what the company vision is, is through the reporting and the KPIs you set for each and every individual. Also, one of the things that you will recognize over time once you start implementing these KPIs to each one of your employees, is that it's going to weed out the team

members and employees that you do not want. Any active and good team member would want to be held accountable, and would want to know what they're doing, and what they're supposed to be accomplishing on a day-to-day, week-to-week, and month-to-month basis.

As I shared in previous chapters, the number one reason that someone comes to work every day is to be part of a team. Make sure that they understand where on the team they fall into, and how their successes and failures impact the team. There is no greater motivator than that.

As reviewed in Chapter 3 the book 'The Power of Habit' references a manufacturer that was having a decline in sales. The CEO wanted to make a shift in the company and turn it around. The CEO scheduled a meeting with all team members and announced the direction that the company was going. He decided he was going to focus on safety and announced that every time an injury occurs (even as slight as a paper cut), that he wanted every single individual around where the injury occurred to submit a report detailing what happened, what the circumstance was around what happened, and what they will do to prevent the injury from happening again.

The injury aspect was going to have a physical result for the company with fewer injuries and insurance claims. The real goal behind what was being implemented was changing a habit around how the employees and team members worked on and focused on being solution-oriented and in constant improvement mode. It opened the channel of communication directly to the CEO because this report would be directly emailed to him and then he would implement changes and decisions based on recommendations and insights.

This company experienced a dramatic shift in output and sales because of this specific initiative that was initially about safety. People started feeling freer and more open to communicate other changes and observations that were being made, and we're in a general mode of thinking about improvements company-wide. Finding solutions and improvements became a habit. The habit change resulted in a huge fiscal impact. Sales increased massively.

The same thing can happen to your company when you make sure to instill the right habits and focus on learning how to set those KPIs and report around monitoring visual changes, and making sure that the information being put out to your team is providing that eventual change.

How Transparent Reporting Affects Your Team

Fiscal reporting to the wider team is highly beneficial. There are so many companies and so many clients that avoid providing financial data to the entire company. With Fortune 500 companies, they publish annual reports that are shared with their stockholders, the general public and with all employees. This way, you have a lot more engagement and understanding of why a company is making a change, whether it's layoffs, increase in expenses, reduction in marketing spend, etc.

A client company suffered a significant loss last year. They had a round of layoffs and company morale was pretty low. They didn't understand why the wider team didn't understand that the volume of work had decreased on one of their biggest clients requiring the layoffs. In conversation with the executive team, I asked them why the entire company didn't know the reason. They indicated that they didn't want to freak everybody out, and we're afraid that if they told them what happened they would be rattled. But their team was already freaked out that they had a significant number of layoffs and they didn't know why. They had no idea if it was due to revenue decline or because executives wanted more profits by making their lives harder.

I'm not saying that you need to share everybody's salaries and provide a detailed explanation of the full expenses that have happened to that company, but some high-level reporting should be presented to the wider company. They need to know the financial standing, what the goals are, why and what the objectives are for the next 90 days, 6 months, one year, 5 years.

Once the employees were no longer in the dark, the amount of engagement and happiness and company morale shifted dramatically after the presentation. This happened because it allowed people to feel more committed to the company. Without the proper amount of commitment and engagement and understanding of what's going on, why it's going on, people are going to be afraid and experience disconnect.

When you're hitting financial troubles, as was the case with this client, these might be valid reasons to be concerned about sharing your financial data. There are valid reasons which don't mean that it shouldn't be shared, and it doesn't mean that you should hide things from your team. It's reality. And the more open you are with your team members, the more they'll understand, and the more they're going to engage with making the changes

you want with your company. Allow your team members to work and drive your company forward, you're not the only driver. You're paying people, you're employing people, allow them to be your change agents as well. You also need to make sure that your team knows what to do, how to do it, and actually does it.

The Power of KPIs to Achieve Your Goals and Objectives

If you're going to want to actually have audacious goals and accomplish them, you're going to have to make some major changes and you have to be prepared to lift the covers and completely change everything if necessary. Being exposed and being ready for some substantial change requires focus on a KPI that's really important—where a lot of people don't pay enough attention to—gross profit margin. Most look at their net profit and their net profit margin more frequently than they look at their gross profit margin.

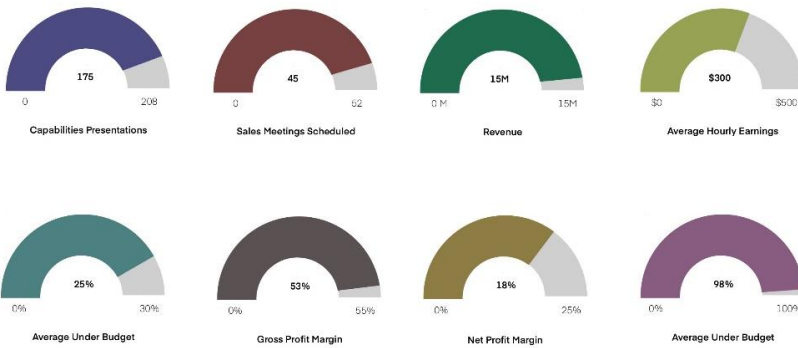
You can't get to your net profit goals unless you have an appropriate gross margin, which is a much more important metric. You should monitor gross margin by client, by product, and by project. You should also track the percentage of your goal and your project against the budget as well.

Another extremely important aspect people ignore is employee engagement. That can be measured in many different ways, such as the speed in which someone opens an email or the frequency in which someone attends a business function.

If you have a baseball team or you have a laser tag team, how frequently do employees engage with each other? You can also ask them: How much time do you spend in administrative meetings? How much time do you spend on breaks? How much time do you spend with co-workers out of the office?

Without employee engagement, your company will not reach its goals. It is pivotal to determine a KPI to measure the team's engagement and improve upon it.

Company KPI Dashboard



Financial Reporting Frequency

So many businesses and business owners look at their financials once a year when they're doing their taxes. Halfway through the following year is way too late. Especially in the business that is not doing well or not hitting goals or is losing money, you're so far behind the curve. At a minimum, a business owner should be looking at their financial statements quarterly.

Businesses that want to grow should have daily, weekly, and monthly reporting. That shows them the financial progress of the company.

You're a business owner. You're an executive. Start thinking like one. Start acting like one. The point of the business is to make money. And if you don't know what your company is making, you are not doing your job.

Key Financial Metrics:

- Do you know where your money is going to be and how much money you're going to have on account in sixty days?
 - In thirty days?
 - In seven days?
 - What is the projection?
- What do you project sales are going to be?
- What do you project in AR collections?

- What are your projections in your expenses?
- What were your sales the previous day and the margin on your sales?
- What were your sales the previous month and what was your margin on those sales?
 - And how are you measuring the last month?
- How many out-reach people do you have and how many have they reached out to in the past month to reach your sales goals?
- What are your average hourly earnings across the business?
- What is your average hourly return in creative?
- What are your average hourly earnings for strategy?
- What are your average hourly earnings on account service? Why?

If you don't have these reports on a regular basis, you're not running your business. Your business is running itself and likely into the ground. Essentially, stop taking orders. Write history. Think outside the box. Don't live within it. Have the reports that you need to affect the change you want. Have the data that you need to make good decisions. Have the knowledge that you need to improve your business. In the end, you are designing your business; the point of what I do with my clients is to build a business that works for them. And if you're not building the business to function properly and generate the revenue that you want to give you the life you want, what is the point?

Let's say you want to work no more than five hours a week. On an ongoing basis, to manage the business, you want to be making X. But right now, you're working seven days a week, twelve hours per day. And you're only making 10% of the money that you want to make. If you cannot make proactive decisions every day and week-by-week, you're never going to accomplish your goals and you're never going to make any changes in the business.

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Accurate, thorough reporting and the knowledge you need to make appropriate decisions and changes are necessary if your business is going to be successful. It's up to you. If you're thinking small, you will be small. You also need to create a culture of standards for how you celebrate your clients and your team.

If your culture is not a growth-based culture, by definition, it's a dying culture. Which do you want?

CHAPTER 9

Change

Being Uncomfortable

In order to make the changes that will enable you to create and sustain your agency and the lifestyle you envision, you must be comfortable being uncomfortable. You need to stop taking orders and you need to start writing your own history. There are so many instances where I meet business owners who are operating their business based on what the client wants, based on what the employees want, or based on industry expectations. That isn't how you should be managing your business. Your business should be managed based on how you want it to be run. So, you need to think about how you want your business to operate, what sort of services you want to offer, and what you want to be doing with your life. How do you want your business to operate if your business is being run by everyone else? You're not going to achieve your goals; you'll just be achieving everyone else's goals.

There are so many instances, for example, where the client has an understanding that it's an industry standard for there to be a cost-billing model in the service industry and fixed fees are out of the norm. But it's actually quite common now to have fixed fees. Most of my clients actually operate that way, and there's very little pushback when actually changing from an hourly cost billing model to the fixed fee model.

You need to be thinking about what you need to do to accomplish your goals, be thinking "outside the box" as to approach, with ambitious goals. If your aim is to grow 2% year-over-year, that's not really what I work on. That's something that you can do on your own and that's something that any accountant should be able to help you with. But if you want to inspire change in your business and in your life, that's what I help business owners to do. I help my clients to achieve massive growth, or high-volume growth, while helping them to design their business around the life and lifestyle goals they want to achieve.

I show clients how to maintain and sustain that growth, and to build their overall business platform so that it is scalable. There are so many instances when someone has a perception of what they believe they should want as far as their income, business, and life. They are working sixty hours a week because they are the business owner, as that is what they are told they should be doing. You shouldn't live by what society tells you to want or do. You

should have what you want. Again, you need to stop thinking small, otherwise, you will be small.

Defining Your Company Standards

You must have a list of standards that your business operates under. That list of standards is going to allow you to make sure that the product you're delivering is excellent, that your clients are always happy, that you have a high level of retainage, that your clients always have a smile and feel special after interactions with you and your team. What really sticks with clients is how you make them feel, so make them feel valued and appreciated.

Make sure you provide an excellent product and are able to deliver the results that you have outlined with your client. Have a defined list of standards—whether it's about responding to every inquiry within three days, or about making sure you call them on their birthday every year, or whether it's about making sure there are fresh flowers in your office every day; establish standards and stick to them.

Also, make sure that your business is adhering to what's equally as important as the client service standards – your culture. Many service-based businesses miss the fact that if your employees aren't happy, you're going to have an unhappy service provider. So, one of the things that I work on with all my clients is developing their culture and developing how they want their businesses to operate.

Develop your cultural standards to assure that your employees have a good work-life balance. In my own business, I require that each of my team members has a minimum of three days off in a quarter, and we have unlimited paid time off. They're allowed to work remotely when needed and they're not punished for wanting to take a day off or for bringing forth new ideas. We foster feedback which allows employees to be more engaged in the business. As explained in Chapter 1, if your team culture is not a growing culture, then essentially, it's a dying culture. Clients ask me on a regular basis – if they've had their business for so long, how can they change the culture? It isn't as complicated as you think. You just need to clarify the new way of approaching things and launch your new standards.

Case Study – From the Edge of Bankruptcy to Massive Profit Increases

The decline happened over the course of several years.

Our client resisted change for far too long and the agency suffered as a result. Increasing costs across the board left the agency with negative cash flow and an increasing number of liabilities. The agency was mere months from having to file Chapter 11 bankruptcy, which would have put paid to the business.

Change needed to happen and it needed to happen fast!

We worked with the agency to create a time study and built from that changes to several aspects of the business. We focused on the flow of money through the agency by introducing proper budgeting and restructuring the agency's debt.

This took it from negative cash flow to positive.

From there, we focused on creating a brand-new marketing strategy. The goal was to increase the flow of revenue into the company by highlighting the value that it offers.

The initial costing and budgeting improvements led to a 36% increase in Gross Profits.

But it was this reinvestment into marketing that made the biggest difference. The agency's new strategy took them from the edge of bankruptcy to a 613% increase in net profit.

That's a 20x ROI!

Let's say that you want to drive efficiency. Set a specific metric that you want to increase efficiency by ten percent right across the board so you're going to list the budget hours for every client, and this is the number of hours that we have as a goal to complete these projects. When you're working in a fixed fee environment, the fewer hours you spend on each client is going to drive that gross profit margin up as long as you're able to improve your efficiency.

What you can do to drive that efficiency process forward is to have everyone start to think habitually, more efficiently. One of the ways that this can be done is by involving them in meetings that are going to be that ideation of what we're going to do for that efficiency growth. If you're measuring the number of hours you're spending on a client, you can have a board with

every goal, every week, or every couple of days, depending on how quickly you want to move this forward. You can meet with your team, together with all the account managers of these projects, and talk about what different initiatives have been instituted with each project. Let each one of these account managers and project managers talk to you about what the inefficient pieces are. Have them hypothesize what they would need to do in order to reduce these inefficiencies and have them communicate those with the client; we would need some sort of new process to reduce the time. Get them involved in that ideation and process creation. Have meetings on a regular basis so you can habitualize the new initiatives. Not only have you implemented a new process in your business, you've also instituted a habit among your team. Now, at the core of your company culture, is the habit of efficiency.

Following Your Passion

You are the leader of your business and you need to be motivated, excited, and passionate about what you're doing in every single facet of your business. If you're not excited about it, you are not going to motivate your team to be able to execute your new initiatives.

Likewise, if you're not motivated, excited, and passionate about the product that you're offering to your clients, they're not going to be interested in what you're saying and you're not going to sell that new client anything. If you're not motivated to actually drive your company forward, then you need to remove yourself from that position and put someone in place that is going to be able to drive that passion and that motivation forward.

Recruiting the Right Team to Drive the Business

Another question I get from business owners is what to do about a “bad apple” employee/manager that has been around forever. They drive everyone down. You need to drive home that everyone must be assimilated into the culture of the business. You can coach them to try to achieve the cultural standards of the business. If they're not able to achieve that, then you need to let them go. You have to have the right people in your business, and you should be asking yourself on a regular basis: “Would I rehire this

person today knowing everything I know about them?” If the answer is no, you need to let them go.

As we have discussed, many businesses, specifically small businesses, are very hesitant to share financials and reporting data with their employees. As I have explained, I think that’s the wrong way to go about it. The employees you have working for you are intelligent enough to figure things out anyway. By sharing financial reporting, you are more likely to engage employees and get their buy-in on your goals and objectives. It motivates them to help make a change. I also recommend that you reward your team for a successful job, whether that means ringing a bell, thanking them, giving them a bonus or other tokens of appreciation. Again, the main reason that someone comes to work is to be part of a team. The second reason is for acknowledgment for doing a good job, and the third reason is for money. So, make sure that you are inspiring a team environment and that you acknowledge them when they do a good job.

Also, be sure you’re compensating them fairly. Many businesses negotiate their pay with employees so that they’re paying as little as possible. Your team members need to be well-compensated. You want them to be motivated to continue working for you, and you don’t want them disenfranchised and unhappy. You’ve invested in training them, so you want them to continue working for you. They need to know that you appreciate them, every day. They should want to come to work. You should have overarching company visions and be involved with your team so they know what you’re trying to accomplish.

You should be having more frequent but shorter meetings that achieve the objectives of the meeting, nonetheless. These meetings are a chance to make sure that your team is involved in the day-to-day numbers and goals.

Involve your team in reporting so they understand what they’re actually accomplishing. Encourage healthy competition within the business to create a team environment where everyone drives each other to accomplish more.

Learning and Growing

Learn from your failures. Everyone is afraid of failing. It’s in your failures that your business can grow. Failures help you understand what you need to be doing better—testing and failing, and refining—repeat; evolving

constantly as a core process. Something that happens frequently is that instead of using failure as a platform for growth, they use it as a platform to beat themselves up. That immediately needs to stop. You need to stop beating yourself up, it is not going to accomplish anything. They are an unavoidable part of life. Failures present an opportunity to learn and grow. That's really the only use for them. There is no point for you to dwell on something if it's not going to help you accomplish anything. If you dwell, it will make you feel worse and deplete your confidence.

You have probably heard the saying, "You are only as successful as your ten closest friends or the ten people you surround yourself with." You should be surrounding yourself with people that are successful, that are directors of a business, that are managers of another agency; people that are like-minded, people that you are going to be able to learn from and help. Have someone that you are able to consult with, whether it's a business coach, a consultant, a friend of yours, or a colleague. They may help you navigate through some of the challenges you face and get through them a bit easier and smoother than on your own. This will help drive your business forward faster.

You also need to reflect on the success that you have every day. Acknowledge that you are intelligent, that you are a successful and amazing business person. If you are not feeling that, knowing that, and owning that, then you are not going to have the confidence that you need to grow your business. Reflect on your successes and constantly understand and believe that what you are working towards and what you are doing every day is what you should be doing. Feel confident that what you're doing is right. If you don't, then you are not going to be as successful as you could be because you don't believe in yourself and will lose traction towards your goals.

Mapping Out Your Goals

I practice what I recommend to my clients. I set a framework of goals that I want to accomplish, whether it's in the next five years, ten years, one year, three months, six months. Whatever those goals are, I set them. I write them down and I put together an action plan around them. Let's say that over the course of the next six months I want to scale up marketing, that I want to drive myself as an expert in the industry, and I want to show the people that I am an expert in this specific topic, in this specific industry. So, I'm going to start now and put time frames around it. I need to do more blog posts, I'm going to need to communicate with more periodicals, I need to send more emails, I need to write more articles, and I'm going to need to do more

speeches and more webinars, talking about my topics more. And I want to do this and accomplish this in the next six months to a year.

So, the deadline that I have is in twelve months, six months is my target, twelve months is my extended goal, and I'm going to set a framework around it. In order for me to do that, I need to do one blog post per week. I need to write one article a month. I need to send out an email to a hundred thousand people every week. I need to talk to five to ten different authors or writers, read periodicals about content in this specific industry. I need to be doing at least one webinar per month, and I need to talk or speak in some sort of a public setting at least once a quarter.

What I'm going to do in order for me to be able to do these weekly tasks, quarterly tasks, or monthly tasks, is set aside time to be able to accomplish them. If I don't set aside time, there is no way that I'm going to be able to accomplish any of these goals. At the beginning of a project, I have written down all the different pieces that I'm going to need to do. Here is the goal, here are all the tasks that I need to accomplish for that goal, and then I'm going to sit and set downtime that I'm going to sit and do these different portions to be able to accomplish my goals.

Set your deadlines. Talk to people around you. Hold yourself accountable. Prioritize your time to accomplish your goals. You also need to be reviewing and setting new goals on a pretty regular basis, whether that's quarterly or monthly, while reviewing your successes. Make sure that you are refining your goals, refining your action plan, and aiming for clarity to achieve the goals that you want to achieve.

Building Your Business the Way you Want it to Be

This is your business. It should be built the way that you want it to be. If you are offering a service that is not in alignment with the way that you want your business to be, or if it's causing your work life to not be the way that you want it to be, then you should stop offering that service. Change the way that your business operates so it does exactly what you want it to do for you. Determine your top three offerings that yield the best returns for you and your Class A clients. Focus on considering purging your other services.

You need to show courage, be bold, and strive for what you want. Have fun every day. Make sure that what you are doing is something that you enjoy. If it is something you enjoy, something you are able to be motivated and

passionate about, then the people around you will naturally gravitate towards you.

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As we go a little deeper, ask yourself, how much time do you really have left on this planet? Do you want to spend that time living the life that someone else told you that you should be living? Or do you want to spend the time that you have on this planet with your family, and living your life doing what you want, how you want, the way you want, and spending your time with who you want?

So, make sure that the clients you work with are clients you enjoy. Make sure the work you are doing is something that you love. Make sure that the business you own is earning the money that you want.

One of the things that I work with my clients on is to focus on not self-sabotaging and not preventing the change you want and need. Spend more time doing the things that bring you happiness, that bring you joy, and don't put your goals and your dreams off for tomorrow. Set your goals.

Set a framework around them. Accomplish them. Do what you want when you want, with whom you want, and how you want.

CHAPTER 10

Steps to Success

We've covered a wide range of business-building and life-changing concepts in this book. I want to emphasize the most important ideas and recommendations from each chapter. I will also share what I feel are the most important action items, steps, and takeaways that I hope you will use to drive your business forward.

Company Vision and Alignment

For any business to be able to drive forward, you have to be sure that everyone, all the members of your team, understand what the business is supposed to be. This means that everyone knows what the vision is for the business and all of your leaders are aligned toward that vision. You must sit down with your executive team to clarify your one-year, three-year, and five-year goals. Your business vision and mission must be clear to all involved. Who your business will serve and what services you will offer must all be clarified and understood. All of the leaders in all of your departments must be driving the business in the same direction that is exactly in alignment with the company goals. They may all be in different cars, but all of the cars must be driving in the same direction.

Offering the Services that You Want to the People That You Enjoy Working With

In order for your company to be able to truly captivate your ideal clients in your target market, you need to be passionate about the services you're

offering. You also need to enjoy spending time with the people that you are offering those services to. These are necessary to allow your passion to come through and to continue. You must also make sure that the services that you are offering are core to your business and core to the people that work for your company. This is what is needed for your team members to be passionate, excited, and enthusiastic about the work they do for your clients. This makes sales easier and improves the work product that your team delivers.

Choosing Your Niche

In order to drive your business forward, you need to segment your marketing and services enough so that you'll be able to establish and show to your target market that you are an authority in the space you are targeting. So, the more defined your niche is, the better your services can be marketed toward it. This will also enable you to have a clearer focus on your public relations and your team. By clearly defining your company focus and expertise, you will be better able to drive sales while servicing the specific needs of your niche.

Case Study – Niching Leads to 217% Gross Profit Growth

Six months.

That's all of the time that we needed to take a New York-based marketing agency from severely struggling to achieving amazing results.

When the agency came to us, they'd seen a marked decrease in revenue over the course of a year. Cash flow was an issue, as was profitability, and the owners knew that something needed to change fast.

This change started with realignment. The agency needed to establish its core values and define where the business needed to go. With a new focus in place, we were able to concentrate on the aspect of the business that needed the most work.

For years, this client marketed itself as a full-service agency. No matter what its clients needed, the agency would at least attempt to get the work done. And while that's admirable, it also left the agency stretched too thin.

Its employees had to constantly learn how to provide unfamiliar services, which took time and money.

We encouraged the agency to rethink its niche and its service offering.

Using detailed reporting, the agency examined its clients to see which ones it offered the highest quality of service to. That was their niche. Focusing on this niche, and promoting higher-value items to it, led to an 18% increase in the agency's gross profits.

Of course, focusing on a niche can lead to a decline in revenue as you're taking on fewer clients. We prepared the agency for this by focusing on a host of operational changes to drive efficiency. This led to a massive decline in operational costs, as well as an increase in internal capacity.

With the course-correction achieved, the client experienced a 217% growth in net profit in just six months!

Be sure to choose a niche that offers enough businesses and clients so you can penetrate the market. However, you must be careful to not choose a niche that's so broad that it will be difficult to clearly define your service offerings, sales strategy, and marketing message to appeal to them.

Sales and Marketing Process

Ultimately, with your sales and marketing process, you want to have repeatable results on an ongoing basis. So, your sales and marketing process must be defined in such a way that when you get from the point of initial contact with a prospect to the point of a signed contract, everything is documented and in alignment with an established process in all stages. Are you booking a meeting from a meeting? Do you have a specific format for all sales meetings? How do you market to your niche? All stages of your process must be documented and repeatable so that your people can continue to drive and anticipate and understand the results that can be generated. This means that if you scale your marketing and sales efforts, with your repeatable process, then you know what results you can expect.

Only One Way (Efficient Operations)

In many businesses, each team member, even in the same function, is doing things in different ways. You need to be sure that your business clearly defines and follows your specified way (one way) to perform all operations. This way, everyone is operating in the most efficient and consistent way. This means that the files are all named the same way. Everyone communicates with clients in the same way. How communications are processed and managed are all consistent throughout your operation. Meeting agendas are always prepared the same way and if you send meeting notes after meetings, then that too is always done consistently. Everyone must understand that everything done in the business must be done exactly the way that has been predetermined to be the chosen and most efficient way to perform each operation. Every person must be trained to perform a specific task in the same way. All processes must be clearly documented and easily accessible by the people that need to execute those functions.

The Right People Doing the Right Work

A marketing agency essentially sells its team's time and expertise. So, it is extremely important in a service-oriented business that the people that you have representing your company are doing the job that they should be doing. Part of your company vision should be establishing your company's values and making sure that every single person, on your team, embodies those values. Each person must have the aptitude, personality, and skills that allow them to excel at the job they are performing. They must be able to execute their work to represent your business' standards and help to drive your business forward.

Fixed Fees

Your agency's success will be dependent on your ability to let go of the time-and-cost billing model and the financial and business model that incentivizes your company to be inefficient. You need to establish with your clients what the cost is going to be for the services you will deliver. Drive your business forward by making it as efficient as possible. The goal should be to raise the average hourly earnings per team member as much as you possibly can

Reporting to Drive Your Business

The piece that the vast majority of business owners miss when it comes to reporting is using reporting just to look at what has already happened. While that is important, what really must be done to grow a business is to take the information about what actions are happening today to produce results tomorrow, next week, next month, and next year. So, if you are reporting on sales, client retention, or service execution, etc., you need to understand the actions that are happening at this moment and the results that it will drive in the future. This way you can determine if your business will improve from where you are today.

Client Retention Process

It costs more money to acquire new clients than it does to retain the clients you have. So, it is critical that you focus on making and keeping your clients happy. The vast majority of instances when clients are happy, are the result of how you make them feel while offering the services you provide. Obviously, results are also extremely important, but the client will remember how you made them feel.

A client retention process can be as simple as having a whiteboard in front of a parking space that's reserved for the client and has their name on it, welcoming them when they show up. Another example would be if you have a menu in your front office listing the beverages you have available for visiting clients. Or maybe when that client arrives, everyone looks up from their desk and greets them by name with an enthusiastic hello. You must have a specific process that happens consistently with your business that makes it memorable with your unique red-carpet treatment.

Breaking with What Isn't Working to Make Room for What Does

Every single business, in fact, every single person, has something that has held them back from where they want to be. Everyone already knows what it is that is holding them back. But most are afraid to eliminate that factor

from their lives or workplace. This could be a fear of what eliminating that thing might mean. But you know you have to do it. You need to just eliminate it, so it isn't in your way. Get your hand off of the handbrake and drive your business forward.

Setting Goals and Planning to Meet Them

In our busy day-to-day lives, we tend to fill whatever time we have with the work that needs to be done. Setting aside time for goal documenting is tough but necessary. They need to be big and lofty goals while still accomplishable. In sharing those goals with others, you are much more accountable for them. The most important act is setting aside the time that it takes to accomplish those goals.

For example, if you want to improve efficiency within your business, you will need to commit the time to create a process and plan and perhaps training videos to educate your team.

You need to map out how your goal can be broken down and achieved over a period of time. Devote the time to assure the mapping out of everything your team needs to learn and know to help you achieve that goal.

Schedule the time needed to create and do whatever needs to be done to be certain that you and your team can achieve that goal, no matter what. Once that time is blocked off, it is sacred and must not be pushed aside.

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Turning Failures into Wins

Whenever we encounter a problem or issue, they know that I don't place my focus on what happened. What I am concerned with is WHY it happened and WHAT needs to change, so that we can make it better.

It is innate in our human nature that when we fail to accomplish something, we wallow and are sad about it. But failures should be looked at in a very different way.

Failures allow us to know a way that did NOT work and guide us closer to a way that will. Every single problem has a solution. It is just a matter of spending the time to understand, to plan, and to find that solution.

Spend the time to find the solution to your failures. Leverage your failures the same as you would leverage your successes and ultimately, you will be more successful than you have ever been before.

CHAPTER 11

Final Thoughts

I won't claim that you don't have challenges ahead of you. Building your dream business is a lot more complex than it may appear at first.

But that doesn't mean that you can't do it.

With this book, I've shed some light on many of the key challenges that you'll face along the way. You've learned about the importance of good marketing and operational efficiency. You've discovered the true effects of poor cash flow management and now understand KPIs and how they affect your results.

That knowledge means that you're now equipped with much more powerful tools. You've taken the first step and learned about many of the concepts that trip business owners up.

Now, it's time to put what you've learned into practice.

Use this book as a reference for your own business. What are you doing well? What could you do better? What do you need to change? The answers lie within these pages and it's up to you to take action.

It may feel a little overwhelming at first, but getting where you want to be is worth the journey

But I want you to take a second to think about that dream we discussed right at the start of the book. You want to create freedom and have complete control over your time. You know that your business is the key to making that dream a reality.

If you put the work in today, the future will look brighter than ever.

STAY IN TOUCH

If you have thoughts or comments you'd like to share with me about the book, just email me at Robert@CreativeAgencySuccess.com.

You can also connect with me on Facebook:

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And make sure to join our free Facebook Group:

<https://www.facebook.com/groups/creativeagencyclique>

The Agency Blueprint: The Business System That Leads to Success

When you started your agency, you had a dream. You thought that this new business would help you to create the life of freedom, opportunity, and happiness that you always desired.

But instead, you find yourself crushed under the weight of the business. This isn't what you envisioned and it's not a sustainable way to run an agency. If things stay the same, your business will eventually fail.

You need to take steps to create change in your agency and this book will give them to you.

Discover what it takes to create a sustainable agency that serves you, rather than a business that demands every spare moment of your time.

Robert Patin is the founder of Creative Agency Success, a Los Angeles based agency scaling consulting firm. Robert specializes in working with creative service agencies to navigate growth, improve operational efficiencies and developing businesses that excel.



He has been contributing expert in Forbes, plus a quoted source in Entrepreneur and Market Business News. His two decades of proven success in finance makes him an invaluable asset to any business, and his clients.