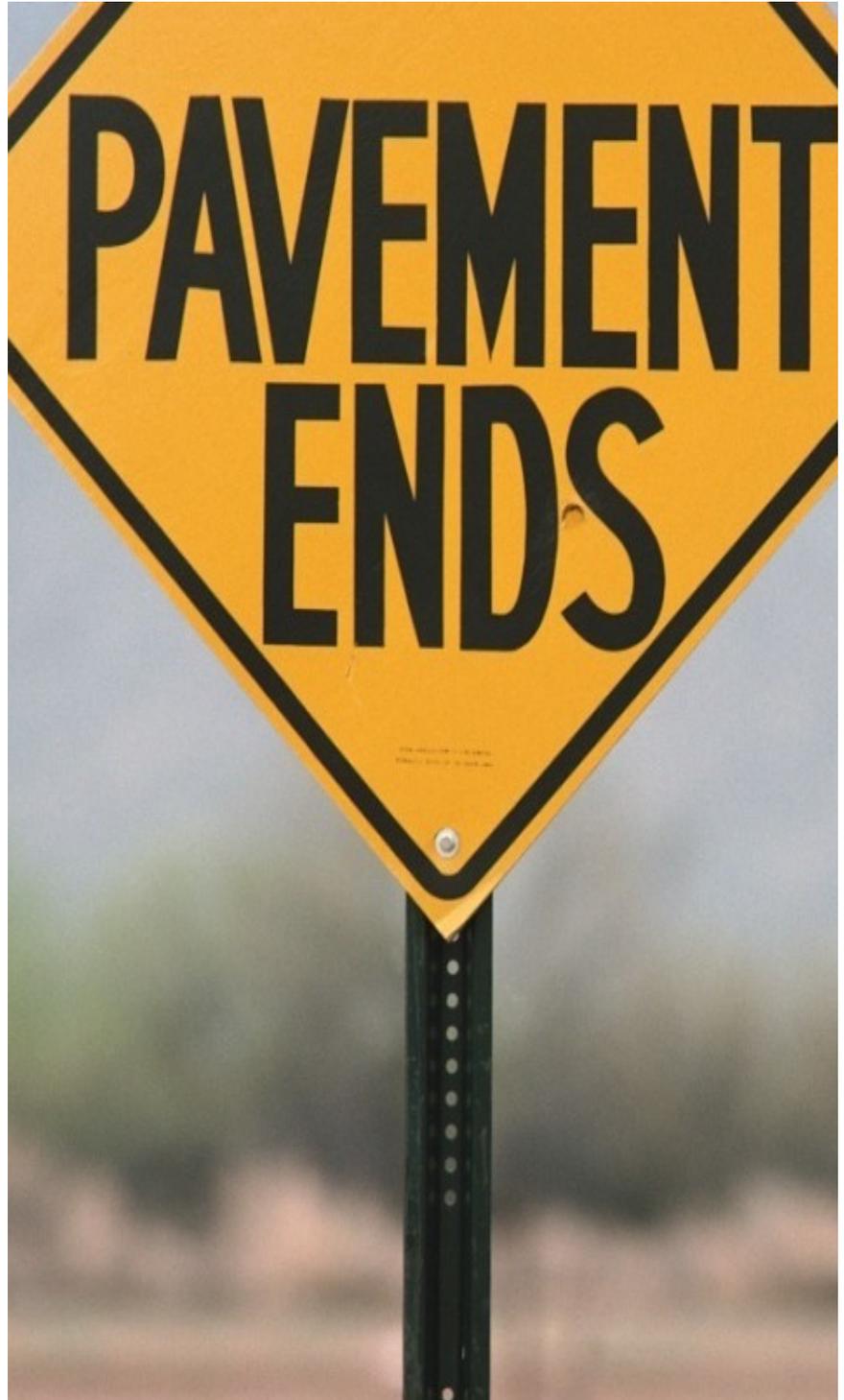


THE EIGHT
BIGGEST
MISTAKES
AGENCIES
MAKE
WHEN
PITCHING
NEW BUSINESS



THE EIGHT DUMBEST MISTAKES AGENCIES MAKE WHEN PLANNING AND PROSPECTING FOR NEW BUSINESS

For over 20 years, I've been directly involved in new business development for advertising agencies on a national, regional and local level. During that time, I've built new business departments for three agencies, completed well over 200 RFP's, and made formal presentations for accounts ranging in size from a \$15,000 web design project to a \$100 million national television account. I've studied countless new business mailing packages from other agencies, attended 4-A's seminars, read all the books on how to pitch, and even sat in on the client side and watched some of the world's best agencies make their presentation. So I've learned a few "tricks of the trade" over the years, and along the way I have led teams that won over \$250 million in new billings.

One thing I have learned is that there is no magic, one-size-fits-all answer to winning new business. Every opportunity takes thoughtful consideration regarding the prospect's needs, your agency capabilities and how your agency can help the client grow their business.

Winning new business has always been hard. But today, it seems harder than ever. Nobody seems to have a minimum size cut-off anymore. The big guys used to turn up their nose at smaller accounts and below the line projects, but now they chase everything. The small guys and rolodex agencies have lower overhead, so they can undercut you on price almost every time. All of that means you can't afford to make mistakes, or you lose.

There are a lot more than eight major mistakes to be made in planning, prospecting, completing the RFP, and making the final presentation. In this article, I've just focused on what I believe are the eight most common mistakes agencies can make in planning and prospecting. We can talk about RFP and presentation mistakes at another time.

So here are the eight dumbest and most correctable mistakes agencies make from my perspective.

1. They chase after the wrong accounts because they haven't make an objective evaluation of their agency's strengths and weaknesses and how they relate to the prospect's needs.

Too many agencies waste a lot of time, effort and resources chasing business that they have little to no chance of winning. Maybe they don't want to admit that they don't really have a great selling story for that particular prospect. Or maybe they don't understand that most marketing managers are fearful of making a wrong decision, so they take the safe route and automatically eliminate any agency that isn't a natural fit.

There are a lot of good agencies out there, and they all look similar to a certain degree to prospects. So marketers will often look for reasons to eliminate you from the review, not include you. For years, I've tried to convince prospects that my experience in one category was directly transferable to their category. Most of the time, they didn't buy it. If you don't have category experience, you're going to be fighting an uphill battle. But the same evaluation is often made if you don't have the right personnel, the right location, the right reputation, or whatever they think they want from an agency. My advice is to talk to prospects to find what they think they need, and then evaluate your strengths against their needs. If they are

not in alignment, you are wasting your time, effort and resources.

2. They don't have a unique characteristic or capability that will separate them in the prospect's mind.

As an agency new business guy, I carefully study client prospects and have a good awareness of who they are, what they do, and what their needs might be before I make any attempt to contact them. In my experience, clients don't have the same awareness of agencies. They may know one or two top agencies that get a lot of local or national press, but they generally don't have a clue about the majority of agencies.

So their first move is generally going to be a web search. The first thing you need to do is make sure that your website is up-to-date, easy to navigate, and presents a point of view for what you stand for as an agency. There are too many agencies out there fighting for the same prospect's attention. And it seems like the mega-agencies have dropped all of their size criteria to chase just about everything on the planet. So if your agency doesn't stand for something, you will get lost in a crowd of sameness.

Conventional thinking has always been that the most important factor in new business is your creative product, and it is certainly one of the biggest decision ingredients. Agencies like Fallon, Goodby, Chiat-Day and others are almost automatic inclusions for larger accounts based on their creative reputations. But creative isn't the only thing you can win with.

For several years now, Crispin Porter Bogusky has been the darling of the creative set, but I think that clients are just as impressed with CPB's daring, innovative uses of new media and creative thinking outside the box, not just the creative ads they come up with. Clients are hungry for new ideas, and off-beat programs like the Subservient Chicken and the Whopper Freak-out are great examples of how thinking outside the box can help

the client and your agency's reputation. Apparently, clients are noticing. Volkswagen, Sprite and recently Microsoft have handed over their accounts to CPB without a competitive review.

Not every agency can have a killer creative reputation, but if they have a great marketing reputation or some other unique characteristic or capability they can still compete effectively. All clients are under pressure to grow their business, and if you have great success stories that give prospects permission to believe they can do the same for their business, you still have a shot at getting invited to the dance.

3. They don't have a realistic target prospect list.

The two most obvious barriers that most prospects will use to eliminate an agency from consideration are size and experience. Size becomes an easy reason to say no. Most prospects don't want to be the largest, but they want to be important enough to feel like they will get top management attention. They don't want the agency to be dependent on their income in case they have made a wrong decision (there's that fear factor again). But they certainly don't want to be the smallest for fear of being treated as a second-class citizen.

Category experience has always been an issue with clients, so if you don't have experience in their category you will have a difficult time getting a foot in the door, much less winning the business. I believe that the days of the generalist agency are totally gone. For years, the agencies that specialize in a certain business or audience category have had better success than the agencies who tout their general experience.

One of the standard questions in every RFP asks you to describe your experience in their category, or in their area of need. If a healthcare client is seeking a new agency, there are plenty of agencies in most markets with healthcare experience, so why should they consider anyone who doesn't already have some inside knowledge or insight

they can bring to the client. It's a classic Catch 22 situation for the agency that doesn't have the right category experience - how do you gain experience in a category if you can't get hired by a client in that category? The answer is that you probably can't, unless you have something so unique and powerful that it trumps category experience.

My advice is to develop a prospect list that takes the client's preconceptions and need for category experience into account. If you are familiar with Chris Anderson's book, The Long Tail, you will understand that the niche players now outrank the big guys. Based on my observations and experiences, the niche players are more profitable in the long run, so find your niche and develop it.

4. They don't have top management buy-in to make the necessary investment to be successful. And the investment must be more than just their checkbook.

Unless senior management agrees to fund and participate in an aggressive new business program, your chances for success go down dramatically. Please notice that I said fund and participate. It should go without saying that if you don't invest dollars in a new business program, you're facing an uphill battle. But a dumb mistake that many agencies make is that the many senior executives are not an active part of the new business development program.

Clients want to feel that they are getting the most experienced people in the agency to work on their business. And they want to feel important enough to warrant more than a token effort from the boss. I have worked in agencies where the senior executive didn't feel comfortable in new business, so he spent as little time as possible with it. And it showed, especially at the presentation stage.

On the flip side, I've had my greatest success as a New Business Director when the president was actively involved on a day-to-day basis. He under-

stood the power of his presence and would roll up his sleeves in preliminary meetings with the agency team and with the prospect just as readily as he would straighten his tie for the formal presentation. Depending on the size of your agency, the president may or may not be involved to the same degree on every client. But the more involved he or she is in business development, the better your chances are of winning your fair share.

5. They rely on over-the-transom prospecting instead of developing and executing a proactive, awareness-building new business effort.

The mega-agencies and the national and regional creative powerhouses can rely on prospects to call them. But for most agencies, if you don't have a good, proactive prospecting effort, you will be unable to sustain growth (or grow beyond your local sphere of influence).

There are a lot of ways to run a new business program, but one of the most important is simply to gain awareness among the prospect community that you exist. To that end, I believe one of the most powerful but underutilized tactics is a proactive publicity effort. Cold-calling seldom works, especially with voice mail and spam blockers that allow the client to screen and ignore unwanted contacts. A great direct mail piece or campaign may get you noticed for a moment, but you need to be top-of-mind when the prospect is ready to make a decision, and how often does that happen on the strength of your occasional direct mail?

You may know that you are the perfect fit for a particular client, but if they don't know anything about you before they sit down to make out that first list of agencies they want to interview, your chances can be compared to that proverbial snowball in hell. It simply won't happen.

A good new business publicity effort can take several approaches. And I'm not talking about press releases to industry publications; how many clients read *Ad Age*? I'm talking about getting out into

the business community and getting noticed. Public speaking to business groups gives your agency an automatically assumed position as an authority. I have never given a speech that I didn't come away with a handful of business cards and multiple follow up opportunities.

I also recommend that you join as many professional and civic organizations as possible. If you can't attend all of the meetings, spread the assignment among your executive team. Keep in mind that it's not enough to just join the Rotary Club or the local chapter of AMA; you need to be an officer or head a committee so do something so that you gain notice among the membership.

Thought leadership blogs or articles and editorials in the business section of the local newspaper or national trade publications are another good tactic for getting noticed and building some awareness of your professional expertise. Recently, I was able to take one article I wrote for a monthly newsletter and re-edit it for three different additional publications as well as publish it on my blog.

6. They don't have a well-rehearsed, professional presentation team.

Too many agencies make the mistake of taking the department head (or even worse whoever's available at the time) and putting them on the new business pitch. If your presenters have a major flaw in their presentation style, or simply don't have a very likeable personality, they can doom the agency to failure in the pitch. Too many times an agency brings a department head to a new business pitch because they feel obligated to do so, only to have that person give a terrible presentation.

In my experience, the Creative Director can make or break the pitch. But not all of them are very good in new business. They can come across as too arrogant, or too kooky, or not kooky enough, and none of those are good when a client is making a decision that he is fearful of to begin with.

Many Creative Directors are terrible at rehearsing. It's not in their nature to really practice a presentation; their right brain doesn't track well with that kind of behavior. So sometimes they are good, and sometimes they are bad. And if they are bad, your chances for success go way, way down.

I have also seen a lot of bad media presentations over the years, even though media has become so complicated and fragmented that this may be one of the best ways to win over a client in the presentation. Too many Media Directors think that numbers are what clients want to see. I disagree. Clients want ideas and insights they can believe in. Colorful, but unreadable flow charts do not give them something to hold on to. Fortunately, bad media presentations can often be minimized by a strict editing of their presentation materials and through rehearsals. Which leads us to our next dumb mistake?

7. They don't have a pitch Ayatollah with absolute authority to make the final decisions along the way.

One of the most common, and dumbest, mistakes agencies make in their new business efforts is to not anoint the New Business Director (or a senior executive) with the power to make the final decision. This dumb mistake is most often manifested in the pitch itself, but the idea should be carried throughout the entire new business process of targeting, active prospecting, etc. The lack of a pitch "Ayatollah" is especially damaging when making the final decision(s) on what to include in the credentials pitch. Creative Directors always want to show their best (i.e. most creative, off-the-wall, cutting-edge, expensive) work on the presentation reel. And I certainly agree that you should only show excellent work on the reel. But what you show should be dictated by the client and his needs, not by your creative ego. For some clients, the most creative, off-the-wall work is certainly relevant. But they also want to see work

that is directly relevant to their category, or to their target audience.

The problem with not having an Ayatollah can also rear its ugly head when deciding what, if any, spec ideas to share with the client. I seen too many cases where the spec creative ideas were completely wrong for the prospect, but the creative director insisted they be shown. Someone needs to have the power to overrule their decision if it is not right for the prospect.

One of my most promising new business pitches turned out to be one of the biggest disasters I have ever seen because the Creative Director decided to make a last minute change in the presentation format and refused to listen to my objections. We were pitching a Korean car company, with a chance for a \$50+ million account, and resultant national awareness and credibility. On his own, the Creative Director decided to add humor to the presentation by hiring a local actor to greet the Korean representatives with a satirical take-off on the loud, pushy, obnoxious car salesman we see too often on late night TV. His point was that our approach would not be like that - we would take the high road and present their car as a classy, smart decision on the buyer's part.

Well, the Koreans were totally confused and totally uncomfortable because they didn't get the joke. And we didn't get the account. After that, the agency gave me the final authority on presentation planning.

8. They don't understand that unless you have a relationship with a prospect, your chances of success go down dramatically.

I have said it several times in this article, but it bears repeating that client's don't want to make a risky decision. So most will tend to make the safe decision, whether it is the best one for the company or not. When I look back over the years at all of new business pitches I have made, the one constant when I didn't succeed was that we lost

when we had not developed some rapport or relationship with the prospect prior to the pitch. Sometimes the agency reputation and/or category experience got us through the RFP and into the finals, but if we didn't have some personal or professional bond established at some level, we didn't win the business.

I believe you win new business before the pitch, not during the pitch. That means you should be meeting with the prospect, talking with the prospect, sharing ideas with the prospect, building a relationship with the prospect before the pitch. People hire people they know and trust before they hire people that may not be in sync with their thinking. How many times, though, does an agency put all of their effort into developing spec creative ideas without really knowing who the client is and what they will respond to? That's just dumb, but it happens every day.

Another thing to remember here is that there is a time to educate the client, and a time to win the business. The pitch is when you do everything right to win the business. It takes more than one presentation to educate the client, so if you don't win the business you may never get another education opportunity.

There are a lot of other mistakes that agencies make on a regular basis. Perhaps the most common of these is that don't have a full-time new business director, or at least someone designated to spend a majority of their time developing new business. But that may sound self-serving since my company specializes in providing that service to agencies who can't afford an experienced full-time director.

So I will simply leave you with this thought. At this very moment, you can bet that some other agency is trying to build a relationship with one or more of your clients. And if you are like most agencies, 25-30% of your business will leave after two years, no matter how good you think the work

is that you are doing for them. So new business is not only important, it is vital for your continued growth as an agency.

Do you really want to keep making the same dumb mistakes in your new business prospecting program?

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