



MERCER ISLAND GROUP

**The “New” Business
Development Strategy:
*Turning your efforts upside
down for growth & profit***

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The “New” Business Development Strategy: *Turning your efforts upside down for growth & profit*

Agencies everywhere are finding new business development to be a greater and greater challenge.

And, unfortunately, the business development strategies of most agencies are destined for failure.

- Unattainable growth rates are often needed to achieve agency growth objectives
- The investment required and the low odds of winning pitches is debilitating
- The stress on organic growth is intense and rarely achieved
- Too much reliance is placed on a small group of senior “sellers”
- Difficulty “standing out” in pitches leads to expensive, wasteful theatrics
- Cold calling experiences are generally unsuccessful and de-motivating

If you experience some of these challenges, your team is not alone! Most agencies face these challenges – hence an opportunity exists to re-invent the industry’s business development strategies.

The Problems with Agency Business Development Strategies Today

Most agencies approach business development in a three step fashion that is fundamentally flawed:

1. Reviews: By far the biggest area of focus. Reviews get most of the business development resources – in people, focus and money. Reviews, however, can be a fools’ paradise: you must make it through the questionnaire stage against a dozen other agencies just to be a finalist (1 in 12 odds) – and then, upon becoming a finalist, the odds are generally only 1 in 4 that you will win. If you do the math, there is a 2% chance of being awarded the business at the time you receive the questionnaire. There must be a better strategy!

And yet, while this is such a bitter place to invest – because many of the largest accounts are awarded through a review – it is easy to not only see them as a necessary evil but to put most of your eggs in those baskets.

Simply put: You are not in control of your own destiny when you put your resources mostly against reviews.

2. Prospecting: Agencies do some prospecting, but this invariably is mostly relationship oriented. Few major accounts are landed today because an enterprising agency executive cold called an account they wanted and managed to work their way through to win the account. What happens more often is that agency executives maintain relationships and follow client executives from one company to another, hoping to land some business when the client executive has the chance to dole it out.

Some agencies hire services to develop “leads” for them, which they follow up on. And yet that approach is also a low odds proposition – what good client prospect is really all that interested in a third party that they don’t know setting up a meeting for them with an agency they don’t know?

Most agency prospecting strategies today are very low odds strategies, and once again, the agency is not in control of their own destiny!

3. Current clients: Current satisfied clients are often an excellent source of organic growth – but rarely is there a devoted strategy to building business with the current client roster. Worse yet, there are very few well conceived and effective processes in most agencies aimed at even maintaining the current clientele.

For example, I don't know of very many agencies that work with their major clients to establish disciplined, third party driven annual 360 review processes – and yet our work shows that an annual third party managed 360 process can virtually eliminate performance related major account losses. The cost of a major account loss can, of course, be overwhelming. Most agencies lose 10-15% or more of their account revenue annually. Look at it this way: if your growth target is +10%, and you lose -10% of your business, then you need to add 20% to achieve your 10% goal. Because of this, it's no wonder that the expected lifespan of business development directors is almost as bleak as that of client CMOs – you're virtually guaranteed to fail.

There is a better way – and if you start today, you may salvage 2009. If you don't, you likely won't.

Turning Your Business Development Strategy Upside Down

Agencies everywhere need to turn their business development strategies upside down. Instead of the classic priority order of:

1. Reviews
2. Prospecting existing relationships
3. Hoping for organic growth and praying you don't lose accounts

Instead, turn it around – and re-invent your approach to each strategy:

1. Avoid account losses & drive organic current client growth
2. Learn to sell – and then go get the accounts that you really want
3. Use your newly gained sales skills to improve your odds in reviews

The “New” Business Development Strategy

A few words about each of these strategies:

Avoid account losses & drive organic current client growth: This is where it all starts. Today, your senior team probably can't do this because their lives are overwhelmed with the black hole of major pitches – most of which end in failure. And because these senior agency execs are so distracted, they can't love the agency's current clients the way the clients want to be loved. And the result is lost business – putting that much more urgency on the new business pitches. A vicious cycle ensues – a race to less profitability and a lousy quality of life. This is no way to run an agency.

First, your senior team must spend much more time ensuring existing clients are satisfied. Just one of the many ways they can do that is by championing the third party 360 process. It is an early warning system to identify possible problems. And, in working through the process, the two parties are more committed to each other, understand each other better, and organic growth opportunities almost magically appear. This, along with training and quality performance, can be one of the best investments you can make in achieving your annual growth plans.

Avoid account losses & drive organic current client growth: I have seen hundreds of agency pitches. I have been on the receiving end of hundreds of agency cold calls. I have observed agencies at conferences and award shows. From those experiences I have learned the following: agencies often have excellent presentation skills - but invariably terrible sales skills.

I probably shouldn't be surprised. Most senior agency execs that are involved in business development have never been trained in sales – and unfortunately, if they have been, there is a pretty good chance that the training wasn't very good anyway. And, beyond either no training or bad training, a number of additional challenges face “sellers”:

- The marketplace has changed. Clients simply don't have time to be wined, dined and wooed – sellers need to be able to bond quickly with prospects on the prospects' terms;
- Plus, no client really wants to “buy” advertising (or media, PR, or promotions, etc.)
- Rather, clients have business issues that they need help addressing – like increased growth, greater ARPU, trial, retention, etc.
- Unfortunately, agencies, like most other “sellers”, predominantly focus on themselves and their “solutions” as opposed to prospects' “business issues”;
- While most sales training programs have evolved over the past 20 years to stress the need to “ask the right questions”, these same training efforts fail miserably at explaining *how to make someone want to answer* your questions;

Thus, business development folks do what they know how to do – they hound folks they know. And agency presentations all look the same – if there is a difference it usually is in ideas or the “theater”. Pure theater – without great solutions - is largely a waste of time and money. Clients don't want your show. They want their problems solved.

Getting your team (not just the business development folks) trained is critical. Now. And a good training will teach your troops:

- How to turn cold calls into warm calls
- Leaving voice mails that get returned
- Sending emails that get a response
- How to get prospects to want to answer your questions
- How to “position away” your competition
- How to stand out from your competition
- How to turn a pitch into an interactive discussion and get the business

Imagine how your business development efforts would change if you had those skills!

Use your newly gained sales skills to improve your odds in reviews: If you do strategies 1 and 2, your success in reviews will improve dramatically. First, you will be invited to more reviews because you won't be losing clients. Then, everything you learn about sales will help you better compete in the formal reviews. You will have a higher success rate with less investment. Your firm will over-achieve versus your annual plan.

Towards a Better 2009

Imagine wrapping up 2009, looking at your business development operation and seeing that your team is:

- Losing less accounts
- Getting more meetings with prospects
- Turn cold calls into warm calls
- Turn warm calls into new clients
- Uncovering prospects' real needs & understanding their business issues/challenges
- Standing out from the competition
- Out-positioning your competitors' solutions
- Winning more pitches

This is an attainable vision. Start now.

Mercer Island Group: Introduction

Mercer Island Group is the West Coast's preeminent marketing management & organization strategy consulting firm. Beyond our immediate partners and associates, we guide a consortium of senior, independent consultants that we custom assemble as needed to provide clients with the exact talent and experience necessary to get the job done. Given this approach, we are not overhead driven—so your costs are minimized—and you only work with experts—so the impact on your work is maximized. In addition, all senior consultants associated with Mercer Island Group have had significant line experience in the corporate world, and can truly understand a client's needs.

We have 8 major practice areas at Mercer Island Group, including:

Organization Design & Productivity	Sales & Channel Management
Branding & Positioning	Marketing Planning
Competitive Intelligence	Marketing Research
New Product & Service Strategies	Agency Management

We have a broad range of experience with leading companies, who also have an unlimited choice of consulting resources to pick from:

Microsoft	Starbucks
Sprint	Qualcomm
US Cellular	Nintendo
Embarq	Nokia
Time Warner Cable	Kaiser Permanente
Hewlett Packard	Abbott Laboratories

We have extensive experience consulting to agencies. Some current and past clients have included:

TBWA\Chiat Day	Hal Riney	Mindshare
Hill Holiday	Shandwick	Schwartz Communications
Fleishman Hillard	Euro RSCG	Mullen
Organic	Starcom	Tequila
Waggener Edstrom	Weiden & Kennedy	Publicis
Worktank	Connect PR	Access Communications
The Vidal Partnership	Weber	Deutsch

We help agencies with an extensive portfolio of services:

- ✓ Sales & pitch training
- ✓ Agency & client 360 performance assessments
- ✓ Growth planning
- ✓ Organization design
- ✓ Client/agency relationship improvement efforts
- ✓ Branding & positioning
- ✓ Compensation models

Stephen Boehler, Founder

Steve is the founder of Mercer Island Group, an international marketing management consulting firm headquartered in the Pacific Northwest.

Mercer Island Group provides business and marketing strategy, branding, new product and agency management services to industry leaders like Microsoft, Sprint, Starbucks, Nokia, Abbott Laboratories, Kaiser Permanente, Nintendo and Time Warner.

Steve's firm has led many prominent agency reviews in recent years and also consults on agency roster management, sales training, and client-agency 360 performance assessments.

Prior to founding Mercer Island Group in 1990, Steve started his career with a decade in brand management at Procter & Gamble. While at P&G he helped turn around the Pringle's business, took Jif to market leadership, turned around Tide and introduced Tide with Bleach. He later was a Division President at a Fortune 100 corporation at the tender age of 32. Steve graduated from Cornell University, has been on several boards, and is a frequent speaker and author. He can be reached at steveb@migroup.com or www.migroup.com.