



BUSINESS

## WHAT NOT TO DO

A veteran design-firm owner shares 10 mistakes creative principals typically make—and helps you avoid them.

Creative agency owners launch their firms with an overabundance of ambition and passion for design. Unfortunately, the business side of running an agency doesn't usually excite the same passion. And well-trained designers seldom receive the same level of training on the necessary business skills. Whether they're art-school graduates or self-taught, owners take a trial-and-error approach to the business part of running an agency. I'm one of them: I opened my studio with zero business skills and grew it to be a successful six-person shop. But in my 18 years of running my agency I made plenty of mistakes that cost me lots of money, stress—and hair. My experience has taught me a lot, and learning from others' mistakes helped me prevent making more of my own.

Here are 10 basic mistakes I see creative business owners make every day, and some cautionary tales offered by folks who've also learned hard lessons.

**Mistake #1: Not having a marketing plan.** My financial advisor always says, "Failing to plan is planning to fail." We're great at creating marketing plans for our clients. Why can't we do the same for ourselves? An agency without a well-written and well-executed marketing plan will have a much harder time attracting and keeping its ideal clients. A marketing plan helps control the business that comes to you and helps you avoid the feast-or-famine syndrome. And don't just create a plan and file it in a drawer; like a garden, a marketing plan needs constant care and attention for you to see long-term results.

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**Mistake #2: Not priming the pump.** A pipeline of qualified leads is key to sustaining your firm's growth. Many owners do a great job of closing a business' deal but then get wrapped up in servicing the client. "It's always exciting to close new accounts and kick off projects, but then we get consumed with the work we created," says Jamie Schwartzman of FLUX Business Communications in Culver City, CA. "We need to continuously develop new business while delivering on what we won."

Failing to develop new business while working on the current clients creates a pattern of cyclical revenues, resulting in sporadic cash flow. Keep your marketing machine well-oiled and running even when you're flush with current projects.

**Mistake #3: Not getting it in writing.** Many creative agencies have poorly written contracts. The contracts they use don't do the job of outlining the specifics of the projects, the deliverables, the rights and all the other legal stuff. "There will be a situation where someone walks away without paying you for work you completed," says Duncan Craig of Raka Creative in Portsmouth, NH. "We had more than one occasion in the early years of our firm where we either didn't get a contract signed, or we weren't specific enough about the terms. It was impossible to collect when we had nothing in writing."

One of the best things you can do for your future is to hire a lawyer who understands your business and your industry. Spend the money to develop a watertight contract.

**Mistake #4: Not connecting with the local talent pool.** A big client falls in your lap and you need to grow your team immediately to service the account. Where do you find the right talent? "We've hired some doozies in a panic," says Darin Beaman of OIC in Los Angeles. "Keep your feelers out for good people all the time."

Make it a point to meet freelancers and potential employees even when you don't need them. Nurture a pool of contacts so when the time comes you have good hiring options available.

**Mistake #5: Not talking up front about money.** You meet a great new client, you talk about all the things you can do for them, they tell you everything they want you to do and then you spend hours writing a proposal—only to deliver it and never hear a response. Many fruitless hours could be saved if your agency was willing to talk about money at the same time you're brainstorming the creative part of the project. Instead of thinking "Conversation > Proposal" think "Conversation > Contract." The conversation step should focus on fleshing out the entire project, including the budget. The written document that follows is your contract and serves as a recap of what was already agreed upon. Many agency owners try to use the proposal as a selling tool. Too often, that's a wasted effort. Stop hiding behind the written document and talk to your client about money as early as possible.

**Mistake #6: Not asking for referrals.** The easiest business-development tool is good referrals. We love it when we get them, especially when they come from our best clients. But for some of us, asking for a refer-

ral feels creepy and shameful. I've heard people say that it seems like begging. Here's the reality: Your best clients will never think about referring you to their contacts unless one of them happens to ask. That's a process you can't control or depend on, which makes it risky. If you rely on referrals for your business growth, get over the shame and ask your clients to dig into their network and start spreading the love.

**Mistake #7: Not talking to clients enough.** We all got a little lazy when e-mail came along. For client development, nothing beats the real human voice or face-to-face interaction. "The No. 1 complaint clients have against creative agencies is the lack of communication," says Peter Geisheker, CEO of The Geisheker Group, a marketing firm in Green Bay, WI. "If you want happy clients, talk to them and talk to them often. They want and need to know that you care about them. The more you communicate, the stronger the business relationship becomes."

Make a point to pick up the phone and talk to your clients—or better yet, take them to lunch every month or two. Initiate more personal contact and watch your client relationships blossom.

**Mistake #8: Not defining your position.** Not having a clearly defined niche will result in your taking any business that comes through the door, even if it's work you shouldn't be doing. "When growing an agency, a part of you wants every piece of new business you see," says Jonathan Schoenberg of TDA Advertising & Design in Boulder, CO. "One mistake we made is not leading with our strengths and expertise to a targeted industry or having a specialty that focuses on what we do best. Understand your niche and be careful not to stray too far from it."

Choose a target market and position your firm to be the best at servicing that market. Be the expert, and you'll open the door to higher pricing. You'll have a much better chance of standing out from the crowd. Remember, you can't be everything to everyone.

**Mistake #9: Not delegating effectively.** Let's face it: Creative agency owners tend to be control freaks. But there's no way you can run the whole show, and it's not good a business practice to try. Hire people who are skilled in the areas you aren't. Your time is the most valuable resource in your firm; be smart about how you're spending it. The most successful business owners are the ones with the best teams surrounding them. Delegating tasks and responsibilities also will free up the bottleneck that's created when everything depends on you.

**Mistake #10: Not trusting your intuition.** Tap into that same intuition that makes your creative work suc-

cessful when it comes to making business decisions. "If you feel in your gut that something is amiss, listen to your intuition and walk away," says Chris Heuer from AdHocnium in San Francisco. "It's too easy to get seduced by the lure of easy money that will suck you and your creative juices into a time sink. Our time is too short to invest our most precious resource, our creativity, into clients and project that don't make our spirits and bank accounts soar."

If it doesn't feel right, it probably isn't. Saying "no" to the wrong work will create the space for the right work to come in.

Maybe business isn't your passion. But a healthy business can be the fertile ground that allows your design passion to blossom fully. Part of the fun of growing a creative business is figuring out how to run things your way.

But don't overlook the resource of people like yourself who have already learned the lessons and paid the price. You can avoid making costly mistakes if you seek help and advice early.

Most agency owners welcome the opportunity to have open dialogue with like-minded people, so make a point to create relationships that can serve you as a resource for your business challenges. Growing a business is an ongoing learning process. I guarantee that

if you take the time to continually educate yourself and improve your business skills, you'll make fewer mistakes—and more money.

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