

# MANAGEMENT STRATEGIES

*For Public Relations Firms*

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A collection of thoughts, theories and trends aimed at improving public relations firm operations, income and profit. Collected by Al Croft, APR, President, A.C. Croft and Associates, Inc.  
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## DON'T WAIT; MAKE THINGS HAPPEN! “Driven People Only Need Apply.”

I was stretched out on my patio lounge waiting for a full Arizona moon to clear the top of a two story pine tree in my neighbor's back yard. And I thought, “This is taking forever; wish I could make that moon rise a little faster.”

Then I thought, “Geez, if I was back running an agency, I wouldn't have to wait for things to happen. I **could make them happen!**” Ok, so that's stretching things a tiny bit; but I couldn't think of a better way to segue to what I really want to talk about:

### **Making Things Happen!**

What would you like to see happen? How about:

- Make sure we don't invest more time in behalf of clients than they're paying for;
- Increase account staff's commitment to the idea that they're really running a little business; that their job is to provide the best possible service to clients and generate the most possible income/profit for the agency;
- Make sure **we win our share of new business**; preferably at least half of the opportunities;
- Recruit and retain a couple very experienced, very talented, mid-level, senior staff; find and nourish a qualified number two;
- Find a couple juniors who can write well and also understand the digital world; let them teach and encourage the “gray beards” on our staff and clients who aren't “with it” yet;
- **Fire the people who aren't pulling their weight** anymore; make sure their cousin isn't an executive at one of our clients;
- Don't count on employees to be as enthusiastic and devoted to the agency's success as I am; remember that they won't always write as well as I can or complete a project the same way I would;
- Shrink our overhead and **bump up our operating profit**;
- Increase staff productivity at least as high as the average for our size agency;
- Make sure our hourly rates are competitive and profitable;
- And more?

### ***What's It Take to Make Things Happen?***

Don Spetner is EVP, corporate affairs, at Korn/Ferry International. (Full disclosure: While I never met Don, once upon a time many moons ago, we worked for the same agency.) “Last,” Don's monthly *PR Week* essay, (On the last page of each issue.) is reputed to be the **best read and first read** in every issue. His August comments, dubbed, “Driven People Only Need Apply,” are loosely woven around some Mobb Deep (See Wikipedia.) lyrics: “**There ain't no such things as halfway crooks.**” which Don interprets to mean, “... The deep fundamental truth behind reaching the pinnacle of success in any field (is) you've got to be 100% focused.”

It also applies when it comes to making things happen in your agency. His advice: You can't have the patience or the inclination to wait for someone else to accomplish a task; you can't order someone else to do it; you just **need to make it happen yourself** and keep on moving.

Do you make things happen? Why not? What can/will you do to change that?

## THE STATE OF AGENCY-CLIENT COLLABORATION; Communication is a Big Problem.

Clients and agencies agree that if they each could change one thing about working with the other, it would be to **improve communication**, according to “The State of Agency-Client Collaboration,” a study of about 600 agency and corporate executives conducted by Central Desktop, a consulting firm focusing on **helping people work together** in “... ways they never imagined possible.”

The study sought answers to three questions:

- What are the biggest challenges facing agencies and clients in working together?
- **How important are collaboration tools** to agencies and brands?
- How do collaboration technologies benefit internal operations and the agency-client relationship?

While the study, like many other similar surveys, offered conclusions to which you might respond, “**Yeah, I know that**”, it suggested at least one major agency challenge that you might never have thought of in so many words: whether or not you have a “...single collaboration system to manage project work online” **can determine whether you win or retain a piece of business**.

That’s probably a historical truism. But I must admit, it’s not something that I can recall ever defining specifically as an “agency strength” when pitching a prospect.

### Agencies Are Being Pressured to Improve the Way They Work with Clients

The main agency takeaways from the survey confirmed that agencies’ biggest day-to-day headaches include:

- Too heavy workload and time management challenges;
- Dealing with clients;
- Working with internal team members;
- **Communication woes;**
- Administrative tasks;
- Keeping track of project status; and
- Finding new business.

In addition,

- 41% of agencies have had a client or prospect **require them to have a collaboration system** to keep or win a major account;
- 54% consider it very or extremely beneficial if the various collaboration tools they use are housed in one platform with one login;
- Half of the survey respondents said they had **improved project management processes** since implementing existing collaboration tools; 42% are enjoying faster project completion; and 40% now provide improved client service and satisfaction.

I suggest that the preceding might possibly keep you awake at least a couple nights and would provide a sturdy agenda for a series of discussions with your senior people.

### Clients Want Better Communication and They’re Tying Dollars to It.

According to the survey, clients’ biggest day-to-day headaches include:

- Communication challenges;
- Lack of agency expertise in the client business or industry;
- Agency turnaround times;
- **File-sharing and management;**
- Quality of deliverables;
- Implementation of client feedback;
- Keeping track of project status; and
- **Quality of services.**

In addition:

- 38% of clients have not awarded business to an agency (because of a) lack of adequate tools for managing work and communication on the account;
- 71% consider it a **competitive differentiator over other agencies** if an agency has a single collaboration system to manage project work online;
- 55% consider it “very or extremely important” that an agency have an online collaboration system to work on projects and campaigns with them; and
- 24% have **required an agency to have a collaboration system** for keeping or winning an account.

Here’s how the survey defined “online collaboration:”

“A web-based system that enables secure file-sharing with internal and external team members, project and task management, light process automation, and **the ability to conduct discussions and communicate online.**”

I suggest that the preceding might possibly keep you awake at least a couple nights and would provide a sturdy agenda for a series of discussions with your senior people and the rest of your staff.

## HOW TO RAISE YOUR FIRM’S PROFITABILITY: Find the Right Answers to These Questions.

This is Volume XXII, No. 9 of *Management Strategies*. Over the years, clients and readers have commented that one of the publication’s most valuable services is to **remind them of things they should do but sometimes neglect**. I’ve tried to keep that in mind.

Friend and fellow consultant to PR firms, Ken Jacobs, president of Jacobs Communications Consulting, (ken@JacobsComm.com 609-275-9025), clearly walks the same path by reminding his clients of steps that will help them **manage their firms more successfully** and profitably. In “Got Profitability?”, he asks a series of questions. Having the right answers, he says, “...**will get your agency on the road to profitability.**”

Here are some of Ken’s questions:

- “Do you have a profit goal for the year? When you declare one in writing, it **increases the chances you’ll make it.**”
- “Is your firm generating its full income potential, based on the number of PR professionals? According to the most recent StevensGouldPincus report (see these pages last month), the **average income per PR professional is almost \$210,000.**”
- “Is the firm generating its full income potential based on the following equation? A sophisticated but still **simple way to determine your agency’s income potential** is to multiply each employee’s Total Billable Hours per year x Billable Rate x Target Utilization Percentage.
- “**Are you using appropriate billing rates** per staffer? There’s a highly complex mathematical formula you can apply which takes into account salaries, benefits, overhead and the agency’s profitability target. Or you can start by seeing how your current rates stack up vs. (data in the) StevensGouldPincus report (or my August issue).
- “**How do you determine (client) budgets?** Do you take the effort to project out how many hours each employee will likely spend on each initiative/project per month times the appropriate billing rate?”
- “Do you track **how much time projects/initiatives actually took** vs. what was originally budgeted? Do you keep this in a database, so that when you budget future similar projects, (you’ll have information on which to base your new budget)?”
- “Do you have a **written Scope-of-Work for every client?** Does it clearly identify what you’ll do for the client? Equally important, does it note what activities *aren’t* covered in the current engagement/budget?”
- “Do you meet with clients on whose business you regularly go over budget to **get their input and agreement to modify the situation?** Do you discuss a) Gaps between fee budgets and time spent on a regular basis; b) Fiscal impact on the agency; c) Parts of the program which might be jettisoned to reduce the overage?”

- “Do you have **clients whom you know will never pay you the full amount** you expend in their behalf? If so, do you have a business reason for keeping them? (Such as; it may help you break into a new industry or lead to larger/continuing assignments.)
- “(If you continually/deliberately over-service some clients) do you carefully monitor the hours spent? Do you have clients on whose behalf you **lost a substantial amount of money last year**, with no business benefit in sight? Why?
- “Do you have professionals on staff doing work below their level? (And bollixing up your bottom line.) Now’s the time to take a look at who-does-what-agency-wide and determine **who’s ready to take on assignments** that are at the junior-most level of the staffers above them.
- “Do you use freelancers for work that your team is too busy to handle? What process do you use to determine the rate you’ll charge your clients for that time? Remember, when you bill staff time (assuming you’re using the right billing rates) your **clients are making an appropriate contribution to the agency’s overhead and profit**. You need to assure that this is the case when you give assignments to freelancers, by paying them only half of what you’re charging clients.”

When you provide the right answers to questions like these, (Oh yeah, there are undoubtedly others.) I’d be willing to invest money that your agency’s **profit will improve nicely**. And I’m also sure that Ken (ken@kenjacobscomm.com) will be happy to help you come up with the right answers. Thanks, Ken.

## FROM THE ARCHIVES: HOURLY RATES 1999 to 2002; \$20 Increase in a Decade.

Here’s a look into the past via an addendum to last month’s collection of numbers, statistics and industry benchmarks. According to a Council of PR Firms’ **survey in mid-2002**, the average hourly rate for mid-size and larger firms was **\$178 in ’02 vs. \$158 in late 1999**. Here are 1999 and 2002 rates for eight staff titles and for firms up to \$10 million in income and between \$10 million and \$50 million. (See last month for more current rates.)

	<i>Average Hourly Rates</i>			
	Up to \$10 Million Income		\$10 - \$50 Million Income	
	10/99	7/02	10/99	7/02
CEO	\$302.5	\$256.5	\$259.0	\$312.5
EVP	244.5	204.0	217.5	294.0
SVP	219.5	192.5	110.5	242.5
VP	192.5	172.0	167.5	214.5
AS	153.0	155.5	144.5	166.5
SAE	121.5	124.5	116.0	138.0
AE	108.5	106.5	98.5	116.0
AC	79.5	78.0	57.0	73.0
<b>AVERAGE</b>	<b>\$177.0</b>	<b>\$161.0</b>	<b>\$139.0</b>	<b>\$195.0</b>

*Note: Remember, Council of PR Firms’ members, who participated in this study, tend to be larger firms. That fact could have influenced these survey results.*

A.C. Croft and Associates provides analysis, planning and direction to public relations firms in management and administration, marketing and account management. The firm also hosted the annual three-day Sedona Round Table and offers in-house account management seminars as well as confidential one-on-one counseling on sensitive management issues. Annual subscriptions to Management Strategies are \$225.00 U.S. While the publication is copyrighted, internal agency distribution is permitted. Reprint permission is granted with credit.



