

# Why small agencies fail (masterclass)

 By [Jessica Tennant](#)

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Today, Thursday, 17 August marks the second annual Loeries Masterclasses featuring industry leaders and experts speaking on a range of topics targeting various audiences within the creative industry.



Allon Raiz [Raizcorp.com](http://Raizcorp.com)

I interviewed Allon Raiz, founder and CEO of Raizcorp to find out what one could expect to learn from his masterclass on 'Why small agencies fail'.

Raiz will address the most common mistake many small creative agencies make when starting out, that is not identifying its key differentiators or core competencies and pitching these incorrectly to their prospective clients.

Emerging small and medium agencies or people looking to start their own agency are encouraged to attend.

## **What is your involvement in the Loeries this year?**

This year, I am presenting a talk that is ideal for emerging small and medium agencies, and creative entrepreneurs who are looking to start their own agencies.

■ ***Comment on the current state of the start-up and/or business incubation space in the ad industry.***

I think the state of the advertising start-up space is like the breakfast cereal Rice Krispies' characters Snap, Crackle and Pop. There are lots of start-ups that snap into existence, make lots of noise upfront and then 'pop' or close down very quickly. It's an industry with a very high start-up rate because of the perceived low barriers to entry but unfortunately, in my experience, the high failure rate is due to the inability of these businesses to create a significant, sustainable USP. The focus is too balanced on creativity and not sufficiently counter-balanced with business acumen and principals.

■ ***In this year's Raizcorp masterclass, the key topic of discussion is going to be around why small agencies fail.***

***What is the main reason for this?***

Come to the class and find out! On a serious note, the reason for choosing this topic is because small agencies fail to address the fundamentals of business practice early on, and they tend to be too reliant on one big client. They also don't manage their capacity well, and fail to understand the right costing structures amongst others. These are basic business principals which small agencies seem to disregard.

■ ***What is going to be the key takeout/bottom line?***

The bottom line of the Masterclass will be to approach the creative industry in the same way that you would approach any other business which is to ensure that it is being run in a sustainable way where the fundamentals are being taken care of while still balancing creativity and the needs of clients.

Small, creative business that are struggling do not need to struggle. They need to make the decision to *not* believe the myths that are inherent in the industry as these myths are severely damaging to businesses. These myths will be discussed in detail in the masterclass.

*The masterclasses are currently under way at the Southern Sun Elangeni Hotel in Durban. For more info on these, go to [Loeries.com](http://Loeries.com).*

## ABOUT JESSICA TENNANT

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