

Running marketing like any other business

 By [Abey Mokgwatsane](#)

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Most executives who run small-to-medium size businesses in the marketing industry will tell you that they always feel as if their business is on a knife's edge, characterised by inconsistent revenue streams, ever-changing client lists and high staff turnover, among other perennial problems. You're never entirely sure that you will be around next year. This opinion piece aims to give some guidelines to those among us looking for long-term sustainability and growth within the marketing industry.



Our approach to sustainability is based on a balanced approach, which manages, organises and measures work across four key functions of a business, namely: people, internal processes, financial management and marketing. These elements only work together and deliver results when they are synchronised and motivated by strong leadership.

Goal alignment is the best kept secret

By far, the most important leg of the table is how you attract, motivate and retain great people. Goal alignment is the best kept secret in human capital management and companies underestimate the importance of ensuring that every individual in the workplace understands how their goals are aligned to the organisations. People are still treated like machines that clock in and clock out every day of the week.

Henry Ford once said, "Why do I get the whole human when all I want is their hands." The reality is that all employees are people first and employees second. They all have hearts and minds that are looking for purpose, co-creating goals aligned to the business objectives, gives them this purpose and a reason to come to work and deliver.

A goal alignment programme, also known as a performance management system, needs to be regularly evaluated so as to track, guide and motivate performance against set objectives.

Along with a performance management system, it is also important to ensure that you have policies that address the people house-keeping management issues, such as, leave, maternity, disciplinary, HIV and incapacity. You will be surprised as to how many agencies don't have these basic requirements aligned to South African Labour Law.

We could write a whole essay on people management but we need to cover the other dimensions on sustainable business, which leads me to the next critical dimension, the internal processes that delivers work to your clients.

Process is the value chain of a business

Most businesses have a workflow process that has evolved over the years based on experience and changing technology. From our experience, the process is innate, hardly documented and almost never communicated or tracked.

The first priority should be to establish an effective workflow process that all employees in this value chain are trained on. If you have the resources, it's advisable to automate it. Most large agencies have an automated process system, but remember that automation is not an answer to a process vacuum, you have to have an established process before you can automate it.

Why is a workflow process important? A process is the value chain of a business. It governs how inputs are turned into outputs and influences how efficient a business is at so doing. It ensures there is internal resource alignment and even more importantly, it allows a business to better define the rules of engagement with its customers.

A workflow process need not be complicated, it just needs to clearly define how you take a brief and turn it into top quality work for client. It must deal with timelines, cost management, pricing, accountability and reporting.

A process however, is useless unless it is tracked.

Setting up a review system after or even during each job will give a business collective awareness of what has worked and what hasn't, as well as what can be refined and improved. We call this a post-production meeting, which is sometimes referred to as a learnings and recommendation meeting. Develop a template on how these will be reported, share the learnings and take corrective action where needed.

Financial performance = sum of each job executed

Our next critical dimension is to track financial performance on a job-by-job basis, which brings us to the third leg of the table - financial management.

A businesses financial performance is the sum of each job that has been executed. It is important to develop a system that tracks metrics such as gross and net profit per job. It is also important to educate your staff that financial performance is not just the finance department's responsibility - everyone in the value chain has a role to play in ensuring that financial targets are met.

Creative cannot present unreasonably audacious ideas to client while at the same time production should not over-spec equipment unnecessarily. It is advisable to have a system where jobs that will perform below margin are signed-off by senior management, this ensures that they do not get swept under the carpet. Often certain jobs and/or clients are over serviced, you may achieve the gross profit target but may find that the internal human capital cost such as edit time, client service or just plain old stress is underestimated. The internal cost of a job is just as important as the out cost. Sometimes, you will have to say NO to work that doesn't meet the grade - after all we need to realise that business is there to make money.

The final component of the balanced scorecard is marketing. It's ironic that agencies market themselves so badly, I guess we are too busy marketing our clients.

Marketing is KEY to retaining current clients

The purpose of marketing is to attract clients and to reaffirm the commitment of current ones. The key drivers for marketing your agency should be to ensure that you have an effective positioning in the minds of your prospective and current clients. You will also need a loyalty plan that ensures that clients you want to continue to work with are retained.

Al Ries describes positioning as “The space you occupy in the mind of the customer” - this is not necessarily the same as the view that you have of yourself in the market, so take time to understand your position in the market and work towards crafting one that is consistent with what you want to achieve. There are many levers you can use to achieve this - PR, including publishing client victories, thought leadership articles that express how you think, coverage for work you have completed and so on. Client functions, advertising and awards are other key tactics you can engage in.

An often overlooked marketing function is client loyalty - the theory that 80% of a businesses revenue comes from 20% of its clients, is not lost in the agency environment. Allocating more marketing resources to 20% of the clients you have will in most cases deliver better bottom line results than investing in the other 80% or prospective ones. It's the clients that know you, understand how you work and respect you, and that base is easier to grow. This can be achieved by building a simple loyalty programme that identifies these clients and programmes company initiatives aimed at retaining and growing this business. The One-to-One Field book by Martha Rogers and Don Peppers is a great step-by-step guide for such an initiative.

Pulling the elements together

We have discussed how our balanced approach to organising, managing and measuring work, provides a platform for sustainable business performance. There is however one more element that pulls all these elements together - leadership.

Organisational development research has shown that a positive change in organisational climate can result in a 30% shift on the bottom line and that the key influence or variable of organisational climate, about 70%, is leadership.

Executing all of these legs individually is useless if it is not synchronised and motivated by great leadership. We don't need to labour the leadership point. There are thousands of management books written on this subject. The critical insight for agencies is that the best strategist, creative, salesperson or founder is not necessarily the best leader. Work hard to identify and nurture leadership - it could make or break your plan for success.

This opinion piece is borne out of our experience in the dynamic industry we work in, it is not an academic thesis. You can read Kaplan and Norton if you want the thesis on the Balanced Scorecard.

What we have done here is share what we have learnt. Some people may ask why we are sharing our trade secrets. The answer is simple, we are doing it because the sustainable success of agencies such as ours and the marketing businesses as a whole will generate credibility for the marketing fraternity and thus deliver benefits for all of us and our clients in the long run.

This balanced approach to business has worked for us and we trust that it will work for you.

ABOUT ABEY MOKGWATSANE

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