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FORUM

When to say no to new account

By Helene M. Kalmanson

Knowing when to walk away from a pitch can be as important to an agency's survival as is winning new clients. Consider the following five points before going full steam in pursuit of an account:

1. Client budgets: Set both minimum and maximum acceptable budget levels and stick to them. Many agencies ignore their own CFO's advice and rationalize unprofitable accounts on the basis of *showcasing* the work or covering the overhead. These rationalizations rarely pan out. Smaller clients tend to be less sophisticated with regard to marketing. Therefore, they require more help proportionately than medium or large clients. That means time and money. Yours. And remember, marketers willing to take the kind of risks required for breakthrough showcase work are rare.

Don't forget those maximum levels. Do not pursue an account that represents more than 30% or 40% of your current billings. They are very expensive to pitch and lose. And you may not be able to afford the win, either. It is painful to grow that fast. Painful to your bottom line as well as to your clients, who lose out in terms of top-management attention.

2. Compensation factors: Clients who are unreasonable about compensation are unreasonable clients. Don't be afraid to investigate upfront. Ask the search consultant, the previous agency, the public relations firm or anybody who may have some knowledge about the company's fiscal attitude. Bargain hunters have a tendency to hold up payment while they question bills, sometimes for months.

3. Fiscal health check: Never assume a corporation is healthy just because it has healthy advertising budgets. Run a check early, before the first meeting if possible. The cost of an initial check-up will be less than the salary and overhead cost of the first face-to-face.

4. Speculative work: Spec is rarely useful in the search process and more often harmful. However, it is an industry reality. First, be honest with yourself. Are you good at spec? Few agencies are. In either case, set budgetary limits and only do spec for accounts where you can afford to invest real time and energy in the work.

5. Conflicts: Always discuss potential conflicts with your current client, except when you plan to pursue the account regardless. Because odds are they will say no. If your best opportunity lies in upgrading one of your clients and you're willing to lose the current account, proceed as discreetly as possible. Before you take the risk, be certain the prospect passes all your checkpoints.

Additionally, there are at least four danger signs. If a prospect displays any of the following tendencies, proceed with caution.

A. Chronic agency switchers: An agency switcher is like a commitment phobic: their current agency is never as good as their next one. Don't count on being the one that will convince them to stay. They will break your heart and your wallet.

B. Poor creative: A history of weak creative work indicates major problems on the client side, *not* the agency side. Unless there is a top management change, no agency will be able to create breakthrough ads for these clients. Assuming you care about the quality of your work, walk away.

C. Pitch extortion: Watch out for prospects who want your first-born during the pitch process. The ones who give you 40 essay questions in the first questionnaire (and mail it to 60 different firms); the prospects who ask two agencies to work with them for a trial period of six months, and then offer to cover only out-of-pocket expenses. Any prospective client that asks for significantly more involvement than is common for other searches in their category is extorting valuable and cost-free thinking and information.

D. Personality fit: If their corporate policy is to Burke everything, and your creative director believes research murders creativity, this is going to be a difficult marriage. How far should you bend? Start with a solid understanding of your own agency's personality, strengths and weaknesses. Learn as much as you can about the prospect's corporate and individual personalities; how decisions are made; the value they place on advertising; etc. Try to evaluate the mix as objectively as possible.

If new business were a science it would be one of the social sciences, like psychology or sociology, inexact and thereby open to interpretation. Consider these guidelines in the same spirit and trust your own instincts. If you sense something off-center, keep your ears to the ground and your guard up. And remember, you can always say no. ☐

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