



BUSINESS

WEATHERING THE STORM

Here are 10 strategies to help your design business survive in the current economy—and thrive in the long term.

If you're worried about how to manage your agency in a sketchy economy, you're not alone. Many creative-firm principals across the country are concerned—and some are in downright panic mode. And rightfully so: Business is slowing, clients are trimming their budgets and the near future isn't looking so bright. In addition, the media keeps bombarding us with doom and gloom on a daily basis. It's hard to not think about the economy when seemingly every news story in the past six months has focused on this issue.

But some agencies are actually reporting that business is better than ever. The state of the economy isn't affecting their growth, and they're going full-steam ahead. As companies and organizations scale back their

in-house creative departments, doors open for design firms and freelancers to pick up outsourced work. And there are savvy clients out there who understand the critical value of marketing during a downturn.

WE'VE BEEN HERE BEFORE

The design field has hit rough patches before; think of the dot-com bust and Sept. 11. The economic downturn we experienced following the events of 9/11 left many firms in the red—but 2002 turned out to be the most profitable year for my own Los Angeles design firm. We managed to weather that storm for two reasons: We had a solid positioning in our category with strong marketing to support it; and we paid close

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attention to our finances. In fact, at the time I was a little embarrassed to tell people that business was booming when everyone around me was complaining.

Since we've been here before, it's safe to say that this, too, shall pass. Buying into the worry and negative thinking will only discourage you from doing the things you know you need to do. This is the time to think and act outside your own comfort zone, to step back and work *on* your business, not just in it. Look for opportunities for growth. Shift your position in the marketplace. Tighten your infrastructure. And implement new marketing habits that in the long run will recession-proof your business.

Even as you think of the long-term health of your business, the reality is that you need to keep your doors open now and sustain your business through the coming year. Just like some of us survived the last storm, you too can thrive by focusing on two important areas in your business: marketing and finances.

Here are some actions you can take right now to help navigate the rough waters.

SUPERCHARGE YOUR MARKETING

Talk to more people. It sounds too easy, but most of us don't spend as much time as we should connecting with our clients and prospects. In the age of e-mail and texting, a personal phone call or an in-person visit will help put you in the front of their minds.

Now's the time to pay attention to your relationships. "Relationship marketing means tapping into your network of people you know and meet, and having a willingness to help them out, to introduce people to them, so they see you as someone to turn to for information," says Steven Morris, principal of Morris! Communication in San Diego. "By staying in front of a larger audience, you're increasing the likelihood that someone will think of you when it's time to hire what you offer."

In reaching out to your network, your goal is not to close a business deal (that comes later), but to reconnect and revive some of the relationships that you haven't paid close attention to. Start by going through your list of contacts and identifying every person you worked with (and enjoyed working with) in the past five years. Then pick up the phone and start calling that list. Call five people every day. Say hello, ask them how they're doing and begin a conversation. You never know what it can lead to.

Implement a well-oiled marketing machine. A marketing machine is a system you have in place that uses simple marketing tools (like an e-mail newsletter) that work for you so you don't have to reinvent the wheel every time. If you don't have a solid plan with ongoing

marketing activities, now's the time to create and implement one.

Having marketing tools in place will keep your machine consistent. "Consistency is by far the most powerful part of what we do in marketing," Morris says. "By constantly being out there—talking, writing, blogging, relating, etc.—we're constantly filling a pipeline of potential clients." Choose a few simple tools and stick with them. If you treat your business like a client, your marketing will always be part of your ongoing business practice.

Be proactive with marketing and engage your staff. Don't just sit back and wait for referrals to come in, and don't think you're the one who has to do all the work. Get your entire team on board to help out with execution. Developing your own marketing materials can be a great opportunity for creative expression that your staff will thank you for. Start by gathering everyone (heck, buy them lunch!) and brainstorming about who can do what. Open the door to creative thinking with your team, and you may be surprised by how much they have to contribute. Marketing is an ongoing process that takes time and energy, so breaking it down into small tasks with your group will move things along and yield quicker results.

Target the right prospects with clear positioning. It's much easier to promote your business to a target market. If your firm doesn't have a clear positioning and a specialty in your industry, now's the time to start moving in that direction. Specialization helps you find clients to market to—and ultimately clients will seek you out because of your industry expertise.

Not that it's easy, says Mary-Lynn Bellamy-Willms, principal of Suburbia Advertising in Victoria, British Columbia. She recalls how hard it was for her to make that decision and focus her positioning: "I wish we had done it years ago. But once we made the decision to put our stake in the ground and clearly position our firm, it only helped us dominate the marketplace. Now we're the leading retail branding agency in Canada."

WATCH YOUR FINANCES

Create a budget and stick to it. Most agency owners have a big-picture idea of what it costs to run their business, but many are disconnected from the details. Creating an operating budget is your best way to control your expenses and gain clarity on what you should be spending. Make a date with your bookkeeper to spend at least a half-day to create your budget for the next 12 months. Then look at that budget monthly to see how your spending compares to your plan.

Be frugal. Don't buy or lease anything that will add to your monthly expenses. No new cell phones, computers (once every three to four years will do) or cars. If you must buy something, take the time to look for deals. Even if your vendors don't advertise them, ask for larger discounts. You'll be surprised to see what you can get if you ask.

Don't wait to bill your clients. Stay on top of sending your invoices out as soon as a project is complete, or at the end of the month to cover ongoing work in progress—and follow up on delinquent payments.

"Keep a close watch on receivables and don't let anything sneak past 45 days without becoming a squeaky wheel," Bellamy-Willms advises.

Explore retainer relationships with current clients. A retainer is an agreement between your firm and your client in which you set aside an amount of time or specify a number of projects to complete, and your client pays a predetermined fee on a regular schedule. Everyone is watching their dollars, including your clients. A retainer is a good way to offer a small discount (5% to 10%) to your clients in exchange for a long-term commitment of work. For example, if you're doing \$100,000 in business in one year for an existing client, you might offer a discount if he agrees to the same amount of work next year under a retainer. The advantages are cashflow for your firm and a better deal for your client.

Accept payment with credit cards. It's easy to set up a credit card terminal for your business. Call your bank or simply open a PayPal business account. Although you pay a small fee for each transaction (around 3% to 5%), it's well worth the expense. For the clients on a retainer with you, it will be much easier to charge their credit card on the first of every month and know that the cash is in your bank. For the clients who like earning airline miles with credit-card purchases, this is an incentive for them to use a card to pay you.

Ask your vendors for longer payment terms. Most vendors get paid within 30 to 45 days, but they may be open to 70 to 90 days payment terms, just to keep you

as their client. Talk to your best vendors and ask them to agree to longer payment terms.

KEEP AN EYE ON THE PRIZE

The big idea here is that we need to pour as much energy and creative problem-solving into our own business as we do into our client work. It's easy to get distracted with the day-to-day tasks of managing people and projects—and to get sidetracked by doing the design work we really love. But if you don't show leadership in this area of your business, no one else will. Our global economy is still full of opportunities; we just have to open our eyes to them and be ready. **HOW**

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From Angst to Zen...



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RIGHT: AKSHOBYA BUDDHA. TIBET, 13TH C. PHOTO: THE NEWARK MUSEUM/ART RESOURCE, NY



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