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## A briefing document to the directors of The Creative Agency on the 2012 Board Meeting

As you all know, The Creative Agency has been carrying its operations as a full service agency since you founded it in 2002. This method of operation has presented the business with a number of advantages over the years. One of them is that of being a one stop shop for clients. This means that clients have been obtaining all their advertising and marketing needs from The Agency. On the side of the clients, this saves them the effort of having to maintain a number of different agencies for their marketing and related needs. This has been a key attraction of clients to your business.

In addition, operating as a full service agency also has the advantage of bringing more business to The Agency. This can be viewed in the sense that even if there are few clients, the amount of returns would be substantial. This is unlike in a case where you operate as a specialist ‘ boutique’ agency, offering only a particular service. Offering only a specific service would mean that the agency will have to maintain many clients for it to make any substantial revenues. This might not be very favorable given the large number of competitors in the market and the level of competition.

Operating as a full service agency has also enabled you to build and maintain a large pool of specialists. This has been made possible by the divergent nature of the clients’ needs. This is very important to the business as it makes it capable of tackling any issue in the field. Contrast this with a case where you are operating as a specialist only offering either marketing or advertising services. This would limit the number and variety of professionals and specialists you will be able to acquire and maintain. With a limited pool of specialists, some technical issues relating to your clients’ needs would be difficult to address.

However, this does not mean there are no advantages associated with operating as a specialist ‘ boutique’ agency. One of the main benefits you can gain through this is the reduction in the employment costs. This is because a specialist agency will require relatively fewer employees compared to a full service agency. In the light of decreasing revenues as a result of reduced prices, this would be a very welcome move. This will legitimize the laying off of some workers who will be rendered redundant by the new arrangement. This will help in reducing the overall operating costs of the business, and raising the profit margin.

In addition, operating as a specialist agency will give the business a more specialized outlook. This will enable you to direct all the efforts towards developing on only one aspect such as marketing or advertising. This will greatly improve the quality of services offered by the business as well as making The Agency more efficient. This will obviously improve the relations with clients as they will receive better services for their money.

The main disadvantage with this kind of operation is that it greatly reduces the amount of work that the agency can obtain. This is because by specializing, the agency will cut off majority of potential clients. The effect of this is reducing the revenues from your operations. Given the tight economic times and the financial recession being experience, I highly doubt whether this would be allowed. I belief that you are not ready to welcome any move that will bring about a decline in your returns.   
In conclusion, I highly believe that it would be in the best interest of all of you to continue operating as a full service agency. This offers more advantages than would be available with a specialist agency or a sector specific operation.

## Ways of improving client relationships

Being a business that relies on clients for success, maintaining good relationships with them is very paramount. Clients, be they individuals or businesses, need to be treated well for them to make a repeat purchase. This also being a business that relies on referrals means that how you deal with one client directly impacts on your overall success. There are a number of ways through which you can greatly improve on your day-to-day relationships with your clients.

First, knowing your client is one of the important pre-requisites to establishing valuable relations with them. (Brennan, Canning, MacDowell, 2007, pg. 218). You should always endeavor to know who you are dealing with. In case where the clients are other businesses, effort should be made to understand the kind of operations they are involved in. Knowing the contact person in that business also goes a long way to making the relationship a success. Knowing the client will be achieved by spending time with them and by asking the right questions. However, it should be noted with concern that relationships with clients need to be professional. Avoid diverging into more personal issues as this may threaten the quality of work you can offer as a result of being ‘ too familiar’ with the client. Knowing why the client prefers to work with your agency and not any other will also be beneficial to you. The bottom line is that information about the client should be sought to better the relationship you have.

After knowing your clients properly, the next step would be to understand their needs. It will be difficult to offer good services to clients if you do not first understand their needs well. Study the contract with the client keenly. The importance of this is that it helps in avoiding directing your efforts to unnecessary things. It also helps your business to meet exactly the customers’ needs. One way of achieving this is by having clear contracts with the client. The contracts must be very clear on the terms as well as the obligations and expectations of each party. Avoid committing to things which you may not have the ability to deliver. It is highly advisable to only undertake to offer products and services for which one is qualified to do.

Given that clients have high expectations about the services, care and professional relationships with the business, it is only fair to meet them. Clients whose expectations are met are happy clients and will be grateful to work with you again and again. In this business, customers will expect their issues to be handled with the confidentiality they deserve. Some of the information that your client makes available to you may be highly sensitive and confidential. Such clients would expect the information to be handled confidentially and not leaked into the wrong hands. The business should ensure that such information is only used for the intended purpose and that it is not misused. Mishandling client information results to mistrust and this will have a damaging effect on your business.

In addition to that, you should also aim at providing information to your clients that may help them solve problems. Constructive advice can always be given to clients on how to better handle an issue in their businesses. Positive feedback on various issues can also be provided to them. Sometimes it pays to offer such information at no cost as it will convince your clients that you have their interests at heart. Information about the market, about customer needs and feedback on how the clients’ products are doing is important.

Finally yet importantly, you should always endeavor to keep your word, both as individuals and as a business. Clients will feel appreciated if the promises made to them are met. You should ensure that you meet your deadlines and deliver products according to your commitment. If something cannot be done within a certain period, it is better to talk it out with your clients and make them understand. Again, do not promise things you know you cannot deliver. Do not commit to do something which you are not authorized or qualified to do. When customers feel like they being cheated, they develop mistrust towards a product or a business, and this greatly affects your success.

## Problems facing businesses that develop and deliver products and services to clients

Businesses that develop and deliver products and services to clients face a myriad of difficulties. Some of the difficulties encountered will be the subject of this paper.

First of all, developing and delivering a product to clients requires a lot of different skills. A business that does both must have expertise in both the development of the products as well as for their marketing and delivering. However, it is difficult for a single business to possess all these skills. This will mean that it will have to invest in specialists both for developing and delivering the products. This is a very expensive venture which drains much of the businesses financial and other resources. It will also prove to be difficult for such a business to be good in all the spheres of their operation. It might be good as a producer but fail to achieve good results as a marketer and a distributor. This is why majority of businesses choose to specialize in either of the various operations.

A business which engages in both developing and delivering products also suffers from high operational costs. This is because it will need to carry out many activities right from the start of production to the selling of the product. This will first require a large workforce to achieve this target, which increases the business’s employment costs. This might prove detrimental to the business as some of the activities done may not directly add any value to the products. Take an example of a business that produces printed materials and needs to do so in large quantities. These materials will need to be stored after production awaiting supply to clients. This act of storing does not add any value to the materials and may be regarded as useless. This storage costs would have been avoided if the business was just producing and supplying to a wholesaler who supplies to customers.

Challenges encountered by businesses which produce and deliver services are also as many. Such business may encounter challenges in setting the selling prices for the services. This is because services cannot be quantified and you cannot know which amount of service should cost how much. The only possible solution here would be to set the price based on the cost incurred in producing them. However, this may not be a total solution as the worth of a service depends with the one on whom it is offered and the place. These two present challenges to the business that may be hard to tackle.

In addition, developing and producing services may be problematic because once you produce a service you cannot store it. Services need to be consumed during or immediately on their production. This is due to the inherent inability to store them. This may act as a challenge to a business in that if a service is produced but the client is not ready to receive it or cannot for one reason or another consume it, then it goes to waste. This amounts to a loss to the business and may have overall negative effects on it if such cases reoccur. Such businesses also suffer from the inability to display services for sale due to their nature. Most services are in such a way that you cannot display them as a way of attracting clients. This may serve to limit the market for the products.

Businesses which develop and deliver both products and services also encounter several difficulties. It may prove to be difficult for such a business to be efficient in the production of both products and services. The divergent nature of the two may present challenges to the business. This is because while it may be relatively easy to develop products, services may need a little more specialized skills. These may not be available to the business thus proving a challenge. Again, while it may be easy to market physical products because of their tangibility, it will prove difficult to market services which are intangible.

## Ways of managing competition

Even though the market seems to be declining, there are still viable ways which The Creative Agency can apply to win more business. This is despite the fact that most agency businesses are moving towards reducing their prices. The Creative Agency can come up with ways which will allow it to stay afloat even during these turbulent times.

One of such ways is by focusing on quality. The Agency should endeavor to assure its clients of its ability to offer undisputed quality products and services to them. It should ensure that its clients receive value for their money to prevent them from switching suppliers. The Agency should use its history in the business to convince its clients that it is still in a position to deliver best quality. This will work best in retaining existing clients as they already know what The Agency is capable of offering.

Another way through which The Creative Agency can effectively compete is by providing more aftersales services to its clients (cheverton 2004, pg 239). Clients will normally be interested in working with a business that highly values them. They will want someone who on top of providing what is contained in the contract goes a mile ahead to offer something else. The Agency should include such promises in the bidding documents. When placing their bids, the Agency should clearly indicate all that which its clients will benefit from by working with them. This will serve to attract new clients and lock-up existing ones.

On top of that, there are a number of ways which the business should use to avoid losing clients to their lower-priced competitors. First, it could intensify its marketing campaigns (Brennan, Canning, MacDowell, 2010, pg. 178) so as to attract more clients as well as to help retain the existing ones. Ways such as advertising through the television, radio and the printing press should be considered. However, given the increased level of competition, more than just advertising needs to be done. Getting in touch directly with the clients and personalizing the relationships will be useful in this case. It is only when such nice relationships with client exist that they will remain loyal to you.

In addition to that, offering good discounts to clients is another viable alternative that The Agency can explore. Given that people generally are attracted by offers and discounts, this will be instrumental in increasing the Agency’s client base. Giving occasional rewards to the loyal clients can also be used to ensure that a good number of them continue doing business with you as a business.

Using the social media and business blogs will be another important tool to put into use. The advantage of using these two methods is that they are capable of reaching a large number of potential clients. The social media particularly has a very wide reach and this will be beneficial in widening the client base. Websites provide another viable avenue for advertising The Agency’s products in addition to popularizing itself. According to Brennan, Canning and MacDowell (2010, pg. 205), sending of direct mail to customers can also be used to market products. This gives advertising a personal approach, and customers feel obliged to comply. All these methods combined will go a long way into ensuring that The Agency does not lose much business to its competitors.

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