

THE TOP NINE FINANCIAL MISTAKES MADE BY ADVERTISING, MARKETING & PROMOTIONAL AGENCIES

Not Knowing How Much (or Little!) You *Actually* Make on Your Biggest Client

Is your “Whale” client as profitable as you think? Sure, it’s a big dollar amount every month, but for how much work? How much scope-creep do you accept without pushing back? Maybe that’s okay with you, but more than likely, it shouldn’t be. This crucial information and more is revealed via solid Project Management with periodic reports, staff accountability and a finance team to make sure it happens regularly.

Don’t Plan for Your Pipeline

Do you have a Pipeline factored by the likelihood of projects turning into actual contracted work? Your Finance team should be on top of this every day. There is no real, consistent, accurate way to predict future cash needs without going through this exercise. Yes, it’s a lot of work to set it up initially and easy (and dare I say *fun?*) to maintain once it’s in process.

Not Taking Timesheets Seriously

I get it. Time sheets are not popular with anybody (myself included). However, they are the cornerstone of a solid Project Management system necessary to determine profitability by client, project, division, employee and your agency as a whole. It not only determines efficiency and profitability but the pricing structure for all future projects. Financial statements are good to review, but they report on the past. A formal, well run Project Management system predicts the future. You’ll be surprised how quickly trends emerge!

Not Billing on Time

This is the most obvious, but the one we see most often. You have work to do, proposals to write, decks to create, Sprints to prepare for and RFPs to win. You’ll do your invoicing tomorrow. The first problem, which goes without saying, is that the later you send invoices to your clients, the later you get paid. The bigger problem is that your clients forget what you did and how complicated it was with every passing day, and they value your work less and less. My own experience shows a disproportionate delay in getting paid as invoices languish.



Not Pushing Clients to Pay Past-Due Invoices

We've all been there. You hate to make the call harassing your client to ask when you're getting paid for the work you did on that Saturday night at midnight. A good finance team takes that burden off of you while they tactfully reach out and gently nudge your clients to pay before it becomes an issue. You get to focus on being their partner and problem solver without the awkwardness of asking for money.

Cash Management Doesn't Exist

If you don't know what this means, then I'm talking to you.

Do you have a separate bank account for pass-through costs so you keep your clients' money separate from yours? Do you move money regularly between the checking and money market accounts to keep no more than 30-days of overhead on hand while the rest is earning interest? Do you focus on using credit cards first to take advantage of rewards and float time? If you answer 'no' to any of this, you need to have a talk with your finance person.

Not Using an SME

You wouldn't let your copywriter run a rebranding campaign for your largest client. Likewise, you need a finance team that specializes in your industry. Construction companies and day camps have their unique challenges and agencies have theirs. You need to find a specialist in your industry who knows what best practices to implement, appropriate software to employ, and keeps you on track using KPIs and industry standard benchmarks.

Having Just a Bookkeeper

Bookkeepers are great, I have one myself. They are the front-line warrior for your agency's finances and yes, they're essential. Unfortunately, most agencies stop there, not knowing they need something more. All too often, bookkeepers are forced into tasks where they're reaching past their expertise to provide information they may not always know how (or why) to prepare. Likewise, calling your accountant to help with lower-level tasks means paying CPA rates, which is costly and inefficient as well. Alternatively, having access to a team of people with different skill levels and differing industry experiences to round out the finance department is essential.



Hiring an Automated Bookkeeping Service

You know the one. The one that makes you log into a portal to see your income statement and offers an online “chat” as if it’s a benefit. The one who says things like “Sorry, we don’t offer tax advice” or “strategy sessions will cost extra”. You owe it to yourself to deal with a steady, consistent team you know and trust and have a relationship with to run your finances.

FINANCE OFFICE PARTNERS

We’re a different kind of offsite finance team.

We have staff at all different levels to give you the expert you need, when you need it. You have a senior level bookkeeper you deal with on a day-to-day basis in addition to a dedicated team of accountants, Controllers, CFOs and CPAs who are assigned to your agency as well. We offer everything you would expect from a fully staffed, US-based finance team providing bookkeeping, payroll, expense report management, Project Management, taxes and monthly reporting. We also consult on strategy, long-term planning, exit strategies, software implementation & integration, mergers & acquisitions, etc. Need a sounding board for the occasional sanity check? Happy to do that as well.

We charge a flat, monthly, all-in monthly fee so you know what to expect, month after month. Our own proprietary software focuses our conversation, it doesn’t replace it. Most importantly, we scale as you do.

We’re perfect for a design/branding agency, software & web development companies, advertising/promotions/marketing and public relations firms in the \$1,000,000 - \$10,000,000 space.

Please Zoom, FaceTime or call to discuss your needs and hear about what we have to offer. No pressure, no annoying follow-up calls, no selling of your contact information. Just 20 minutes of time together to see if we may be a good fit for each other.

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