



## RETAINERS&LONGTERMISM :: HOW TO GAIN WEIGHT

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At a recent dinner, a question was raised. Advertising agencies, PR companies and management consultants work on long-term contracts with their clients, with planned annual income and substantial monthly financial retainers. Smart people, offering a smart service, receiving smart rewards, using a well-toned financial business model. Most design companies, on the other hand, work on a project-by-project basis. We – with our equally smart people – use a business model which remains, to be honest, slightly on the puny side of skinny. Accountants Kingston Smith W1's latest Marketing Monitor report shows advertising and PR enjoying robust gross incomes of well over £100,000 per employee. And design and digital? Not a pretty sight: a rather scraggy £70-80,000.

How can we build up muscle and put on pounds? Our cousins in advertising, PR etc have a basic culture of long-termism. There is an assumption of an ongoing relationship and a contractual, paid-for commitment: the expectation is that clients will be kept until lost. In design, we expect clients to remain for the project, then we hope they'll come back for more. Our cousins sell relationships: we sell projects. They enjoy 'marriage until divorce': we're 'just dating'.

Of course, many UK design companies have lengthy relationships with their clients, and are justifiably proud of it. But were they paid for the time between projects? Were they given work without submitting proposals or even pitching? Did they have a contract? Regular monthly payments? Probably not. And although many design companies are on approved suppliers' lists, this only creates a mirage of long-termism. We all know that it doesn't guarantee work.

Back to our higher-income, retained cousins. How did this come about? It's to do with historical 'business norms', and they exist in all market sectors. In home life, we expect to haggle over antique furniture, but not modern furniture. We buy annual contracts for central heating boiler service and repair, but buy our car services and repair on a pay-as-you-go basis. It's not always logical, nor does it depend on the competitiveness or otherwise of the marketplace. Business norms. It's about where we started from.

So how about it? Would you like to work to a new business norm of long-term clients with contracts and regular, monthly fee payments? Some of the advantages are obvious. For example, how far ahead can you accurately plan your financial situation? More than 8-10 weeks? How would you like to be able to extend it indefinitely? Imagine the savings on resource planning with freelance and recruitment costs. Or the reductions in marketing expenditure and effort, including credentials meetings. And think of the money, time, energy and stress you'd save on pitches. Just how much have you spent on that in the last 12 months?

You won't be offered a retainer. You'll need to propose it, and you'll need to focus on the benefits to clients. What's in it for them? What can we learn from our cousins in advertising and PR? How about a full complement of specialists, including client service teams. Monitoring and measuring the effectiveness of design interventions. Spending our own money on consumer and market research. Investigating trends and reporting on the implications. A more active relationship, where we regularly take the initiative and invest time, expertise and money. A guarantee of quicker turnaround times or lower costs per project. Exclusivity, so that we agree not to work for their competitors. Free training for their staff? Invitations to thought-leadership events? Our muscle-bound cousins do these things, as does the topmost tier of enlightened design companies. They live and breathe their clients' brands, often knowing as much about them as their clients do, if not more. They position themselves as experts, as partners, as an extension of the client's company, as strong right-hand men and women. And they are paid properly for it.

"Ah!" I hear a chorus of clients say. "My design company already gives me all of these things anyway. For free. Without a retainer". And there's the problem. We are good in the design world, really good, at over-servicing and under-charging. We even give away our creative work, our life-blood. Free pitching will always keep us skinny.

So how about this for a proposition? Let's work together to change things and embrace long-termism. We are very well-placed to do it. Unlike any of our competitors worldwide, the UK has a great gym and a great army of personal trainers. We have the Design Council, the CSD, D&AD, and membership organisations such as BDI. We have our trade body, the DBA, the envy of design companies around the world, which has provided the roadmap to accountability with its Design Effectiveness Awards. And we have Design Week, the world's only weekly design publication. Use them. Start a debate. Join forces. Change the business norm. Embrace long-termism. Gain weight.

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