



○ **The Integrated Agency**

How modern business software can help cut waste and boost performance



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Necessary and efficient?

Creative agencies, spurred by competitive pressure, increasingly realise that in order to reduce costs and boost margin greater business efficiency is a priority. The challenge is identifying the appropriate tools, processes and approaches to best deliver these improvements.

This document sets out to help senior agency managers understand the key steps that need to be taken to become a more integrated operation, with the goals of increased efficiency and bottom line benefit.

The material is based on our experience in working with more than 130+ advertising, sales promotion, marketing and design agencies across the UK and North America. Our Concept™ system has been foremost in delivering integration benefits to these agencies in affordable steps: and many are confident to give testimonials to the benefits they are reaping. “We are now able to offer high-quality client reporting and make significant efficiencies thanks to the software and service from Concept,” says Carol Rogers, CFO of CKR Group (USA) for instance.

There is an emphasis first and foremost on better use of ICT (information and communications technology). Effective ICT starts with a clear understanding of the business and its internal processes, undoubtedly, but technology is far from the whole picture. Identifying and eliminating inefficiency often inaugurates changes in the culture as well as systems: people, process and technology, we have found, are best thought of as interlinked aspects of the same integration and workflow initiative.

The document steps through the various dimensions of technology transformation and offers practical advice and material covering the successful components of integration:

- Understanding the need for ICT efficiency and the drivers for change
- The steps towards improved workflow and integration
- Successfully implementing technology changes
- Proof points and examples (case studies)

“We are now able to offer high-quality client reporting and make significant efficiencies thanks to the software and service from Concept,”

Carol Rogers,
CFO,CKR Group

The Waste Space

“Our results show a high correlation between IT capability and profitable business growth. Firms that build high capability IT systems grow faster than firms that do not, and do so while increasing both revenue and profits.”

- ‘Why IT Matters in Midsize Firms’, Keystone Strategy Inc. September 2005.

Research from performance management experts the Hackett Group (September 2006) has found that through investment in information technology, world-class companies spend 45% less on their finance operations, 25% less in procurement and 13% less on HR than other organisations.

So much is talked about the benefits of integration and the usefulness of systems that provide advanced workflow, that it’s almost a given that companies have mastered the basics of integrating job management and financials. But there are disappointingly few agencies in the creative field that have, for instance, implemented an agency management solution and are reaping the benefits of dovetailed business applications and processes.

A visit to the average agency reveals the less glamorous reality. The evidence of weak business processes sit on the desks and in the filing cabinets lining the walls. In the finance department multitudes of invoices and sales and purchase orders abound. How many of these are copies? Given that when an order for a job is received from a client, the account handlers will make a copy of it and often so will finance, the answer is many, obviously. Yet when the same core departments want access to the invoice, it’s has always mysteriously vanished.

The same problems affect many electronic systems. How many spreadsheets proliferate throughout the organisation, running their own ‘versions of the truth’? How many databases are lying unseen on people’s hard drives? Disks can fail and laptops go missing - allowing critical business data to walk out the door, often when many people didn’t even know it existed. Worse, it can walk out of the door and over to the rival company because the departing employee had access to material in an uncontrolled fashion.

Many agencies will be sadly all too familiar with this problem. “We had so many manual processes, so effectively many things were not getting done. And we didn’t have a coherent way of centralising our processes with customers and accounts,” says Richard Olney, Finance Director of another of our customers, advertising agency Barkers.

Lack of workflow and integrated job management and financials creates very real - and costly - problems:

Financial control

- Account handlers cannot get real time access to the budget status of job, as well as warnings regarding potential and actual budget. This hampers their ability to spot problems early and take the remedial action required to ensure costs do not escalate
- Common finance functions in an agency, such as closing of books at month-end, invoicing, controlling employee expenses and simplifying data entry, are too often routed manually, which is often time-consuming and frustrating

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- Financial information segmented by business unit, client, brand, product, account manager/director, job, etc cannot be easily produced. The company can struggle to gain an in-depth picture of its business, clients, opportunities and challenges

Organisational efficiency/employee productivity

- Remote workers (those in other offices, working from home, in other branches or on the road) cannot gain access to content, making employees inefficient. From timesheets to correspondence, meeting minutes, invoices, internal creative briefs, contracts and marketing material, lots of information sits centrally and needs to be constantly physically accessed
- Employees waste a great deal of time re-creating or re-requesting documents that already exist, because this is deemed more efficient than trying to track down the originals or introduce templates with pre-filled information
- Standard reports for client profitability, job profitability, work in progress aging and status of active jobs, etc. do not exist. This hampers the introduction of workflow strategies, as well as leaving staff less clued up
- Users aren't prompted with reminders to action common tasks. This includes not only time sheet reporting, but also tasks such as creating job budgets, purchase orders, supplier scheduling, and scheduling of client payments

Client service

- Information about jobs and pricing, client invoices, receipts or other account files, minutes from meetings, or ad creative content are not stored together logically to create an overall 'file' for a client (which can be viewed online or emailed at the touch of a button), with the result that it's hard for both the agency and client to get an overall picture of the project
- The difficulty attached to offering consolidated billing statements, invoicing specifications, and offering job-cost visibility all conspire to make winning new business and maintaining client satisfaction problematic

Counting the cost

Translating the cost of these inefficiencies into lost revenue can be quite a shock. Competitive pressures, growing customer demands, and regulatory compliance issues mean that this situation can't be allowed to continue.

Agencies need to be able to make more sophisticated decisions from the information they have, use staff and knowledge resources more widely to service clients more effectively. They need staff to be able to collaborate more effectively across the business and achieve quicker results for the organisation and its clients. That means systems being able to talk to each other - which will effectively improve workflow and mean people being able to work together more effectively.

If the goal is to maximise profitability and run the tightest ship possible, as well as speed time to market and eliminate inefficiency, integration of job management and financials makes excellent sense.

Technology to fix technology

In the late 1990s and into the first few years after 2000 we witnessed many agencies go for “big bang” business software implementations, where they would tackle job and finance management in one go. The chances are, however, that the integration promised between the job and finance management wasn’t all that it could be, and the package wasn’t up to the job.

The good news is that a new generation of business software systems, built on the latest Microsoft technology and standards to link systems together, offers a much more performant alternative. A key breakthrough has been Microsoft’s visionary .NET framework, with its excellent and highly affordable collaboration facilities. This breed of system offers customers better operational efficiency and improved customer service as well as an effective set of tools to meet any challenges of getting one package to talk to another.

Another plus point is that these advanced technologies link seamlessly to today’s familiar Microsoft Office tools such as Word and Excel. The upside for the customer here is established familiarity with such tools. Already possessing the skills to interface with these systems obviously brings down the cost of implementation. This is great for return on investment on the integration project, even before any upside in your business processes is visible.

Technology yes - but people too

As noted technology is central. But of course what can hamper return on investment is not spending enough time on the people side of things, especially around a programme of change.

Change needs to be managed positively. A way that seems to work is a step by step approach, working ‘bottom up’ to secure the buy-in of staff to changes in their working practices. This avoids any sense of change being driven from above and helps more rapid acceptance of new ways of working. The Keystone study referenced above is just one of many demonstrating that such attitudes were a benefit to determining the successful outcome of a business change project.

The difference an agency management solution can make

The overall aim, in any case, should be to use the appropriate business software and workflow techniques to enable organisations to:

- Take proactive steps regarding potential and actual budget: warn or alert staff not just when jobs go over budget; let clients set their own parameters as to when such warnings are flagged, so that e.g. they want to know the number of hours on a job reaches 75% of the budget, so they can check to see if 75% of the work has been done
- Manage your agency better through accessing standard reports for client profitability, job profitability, work in progress aging and status of active jobs, debtor days etc. Drilling into details and generating new reports is useful in this context: use business software to explore revenue and profit by business unit, client, brand, product, account manager/director, job, etc. And because this is real-time data, decisions and management of business objectives using accurate, timely financial information is finally possible

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- Speed up business processes and make them less vulnerable to human error through the use of workflow, which can ensure (and prove) that everyone has seen, read and signed off on a creative brief. Notification of late tasks may be sent to both staff and their managers, for instance
- Work smarter and more efficiently by automating routine agency functions such as creating job budgets, purchase orders, supplier scheduling, and scheduling of client payments for large-budget jobs that may include film production or media buying
- Avoid expensive duplication, and organise information so that all documents can be easily searched and located, regardless of where other team members or clients are based
- Simplify data entry so that data only gets put in once. Raising purchase orders and media orders, post time sheets and raise invoices against all aspects of managing and costing complex composite ads without any re-keying of data
- Offer consolidated billing statements, invoicing specifications, and job-cost visibility - for both online and offline requirements - so that the campaign profile can be accessed readily to give the client the full picture
- Migrate service online. Employees and freelancers should be able to log on remotely using a browser and quickly complete time sheets, review client activities, etc. Using this approach customers can see information about jobs, statement of accounts, you can get copies of quotes, copies of invoices, see your statement of accounts, request contact reports

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Kelly Jepp,
Financial Controller, Mother.

Proof point: justifying the cost

The IT industry is notorious for throwing around high-faluting concepts that fail to translate to solid business achievements. Financial directors, MDs and CEOs are rightly sceptical of puffery from the computer people; they need to feel that any proposed technology addition will actually have a transformative effect.

The good news is that integration of business software in an agency context does actually work. Detailed return on investment information and references are quickly and easily available from our customers (unlike, sadly, far too many other software integrators). One that typifies what can be achieved with this approach is one of our users, Frame, a leading advertising agency.

Frame (see below for a fuller case study) says that its investment in the Concept way of doing things will pay back in 14 months instead of the original 28. In a detailed cost-justification document the company notes that its original estimate of possible cost savings was based on an estimate of 20 people saving 30 minutes per week through less time taken on duplication of job entry (on two systems) and less time spent manually checking job bags for information. It also recognises that only 60% of this saved time may be chargeable. This is considered quite conservative. Instead, the company has found that a much higher figure of 15 hours can be saved, translating to a payback period of just 14 months for all the project costs (including licences, hardware, training etc).

The basic concept of Concept is thus very simple: help customers do what they need to do through better workflow and in a more efficient and integrated fashion. Kelly Jepp is Financial Controller at advertising agency Mother. As she puts it: “We are now a fully integrated environment, on the Concept platform, with facilities for accounting, estimating and budgeting, and invoicing among other things. It’s a system that can support us as a growing business, and can provide us with strong day to day financial and job costing support.”

This kind of success is easily within the grasp of any agency that takes the issue of integration on board and which looks to improve workflow and reduce inefficiency – as the following case studies make clear.

Real-life integration

The following examples demonstrate how organisations have benefited from integration and improved workflow through an agency management solution.

CKR GROUP



Business sector: Advertising

Application: Providing client reporting and managing invoicing

Integration benefits: 'Significant,' including savings in staff overheads. The client reports improved new business opportunities identifiable through business intelligence

CKR Group is one of the fastest growing recruitment advertising agencies in the US, specialising in employment communications from strategic planning, design, and placement and tracking, to online marketing, web design and employee referrals.

At the heart of this business is Concept's integrated agency management system. "We are now able to offer high-quality client reporting and make significant efficiencies thanks to the software and service from Concept," says the firm's CFO, Carol Rogers.

Basic just wasn't good enough

Prior to Concept CKR Group had been using a functional but quite limited finance system that had been adequate for a much smaller organisation. But, "We knew we needed to bring in a new system that would track hours and resources for all the jobs and which would also put purchase orders against them," says Carol.

The firm identified Concept as its preferred agency management system. "We were attracted by the fact that the software is able to cope with the very specific demands from a recruitment advertising customer, whereas other packages support the industry in a more general way."

Concept now handles all the firm's accounts and account servicing requirements. Heavy use is made of the reporting function, which allows reports to be run detailing different cost centres. It's this, Carol says, that allows CKR to produce the client reports it needs. "We can split up projects to a fine level of detail, as well as rewrite and extend reports as clients want. The ability to get visibility on single cost items is invaluable to us."

The agency simply didn't have anything like this before, which means individual account managers have greatly superior control over budgets and spending. "The exciting thing for us, as an agency that offers high levels of service, is that when a client comes to us with a complicated company structure we now have the tools to really provide extra value for that customer and ensure that they receive all the information they need."

Being smart with staffing

Even as a successful and growing agency, CKR needs to be careful with resources, and right from the beginning the new system has proved not be a heavy drain to run and support. "This has worked and also means we are internally more efficient and able to keep accounting staff overheads down," Carol believes.

"We can split up projects to a fine level of detail, as well as rewrite and extend reports as clients want. The ability to get visibility on single cost items is invaluable to us."

Carol Rogers,
CFO,CKR Group

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Future directions for CKR's agency management system include looking at greater use of business intelligence, where Carol is sure Concept will continue to be useful. "My goal is to encourage everyone to learn how to run reports and access information and use that information to make decisions."

Carol has equal confidence in the Concept relationship. "Concept did a wonderful job for us. I am very impressed with the technical staff in the UK. They are very knowledgeable and always have solutions for my requests, even when I think a task is not possible."



BARKERS

BARKERS

Business sector: Recruitment solutions

Application: Automating job management, providing management information, managing live client documents

Integration benefits: 10-15% improvement in productivity. Savings in multiple areas, including time and labour, with more expected.

Barkers is the second largest UK owned advertising, communications & recruitment solutions group offering traditional and technology-based recruitment solutions. Its clients include household names such as Accenture, HSBC and McDonalds and its 300 staff deliver recruitment services globally.

Finance Director Richard Olney has led a scaling up of information technology resources since he joined the organisation in 2002. The company replaced its 18-year old management application with the Concept system in the summer of 2005. "We had a system that while efficient, was expensive and difficult to adapt to our needs," he recalls. There was a clear requirement, for instance, for Barker's busy account management team of 180 which processes over 80,000 media orders each year to have both access to a system that would integrate the account management, media and accounting functions and have an element of workflow automation support provided.

There were few workflow processes to speak of that could add to the quality of Barkers' service and improve the account handler's productivity. "We had a lot of manual processes, so effectively many things were not getting done. And we didn't have a coherent way of centralising our processes with customers and accounts," he says.

Flexible friend

Barkers decided to select Concept for its agency management solution needs. Richard was particularly impressed with the workflow functionality of the product and its easy integration with both existing and future systems. "What I really appreciated was that we would be able to get the system to talk to other software we had, and as a result of that enable it to talk to other workflow systems to join the whole process up."

The impact of the new system has been dramatic, says Richard. "Thanks to Concept we now have an integrated, centralised way of monitoring our business which has resulted in process improvements. The system has also enabled us to launch a new web based service to clients.

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Richard Olney,
Finance Director, Barkers

Reporting for top-level managers

Another important benefit from a management perspective is the increased visibility that Concept's business intelligence capability offers. "I have financial analysis on what works across the business which allows Barkers to make fast, informed decisions on how we can run our business better," says Richard.

The main benefit to the organisation, he adds, is the workflow effectiveness across all areas of the business so staff can operate more efficiently. "On the point of order, by clicking a button we can turn that order into an acknowledgement and email that to a client; it then automatically creates a media order that we can send to the media. If an account handler looks at their draft invoice they will see what the client will be billed, which improves the accuracy and completeness of what we bill out, and also gives them a good idea of what money we are making. This has financial control benefits but is really for the account handlers because the strategy is empowerment. We estimate a 10-15% improvement in productivity as a result of this technology."

Blazing a trail in client service

"We can see benefits such as making processes more efficient, and being able to continually revise those processes, which can in turn better support our business," concludes Richard. "The system already makes us look very professional in the eyes of the client, but it will take the full realisation of this project through innovations like the client web based service to see how far we have really met our strategic vision."



MOTHER

Business sector: Advertising

Application: Monitoring job costs, providing client management

Integration benefits: Financial control improved, reduced production turnaround time

IT plays a central part in making sure Mother meets its goals, with the Concept agency management suite playing a key part, according to its Financial Controller Kelly Jepp. "We are now a fully integrated environment, on the Concept platform, with facilities for accounting, estimating and budgeting, and invoicing among other things. It's a system that can support us as a growing business, and can provide us with strong day to day financial and job costing support."

The decision to migrate to Concept was taken in 2004. "We were using a finance application previously that, while good functionally, was not very reliable," says Kelly. "We often have quick turnaround times on client jobs so its essential we can access the system and that it's supported well. Time delays on the system can cause real time slippages on client productions."

Mother had specific goals for any replacement system. "We wanted something that could support us as a growing business that would not only provide good financial management but would also manage our particular job costing requirement. It needed to be accessible and easily usable by both the professional financial user and the non-specialists in our organisation, and would need to be easily integrated with both existing and future systems."

"The main day to day benefit of having the system we've found is better financial control. We are controlling things because we can see what's on the system from day one - we can see what jobs are open, what estimates are raised, what information is loaded on."

Kelly Jepp,
Financial Controller, Mother.

Adding value - not risk

Anything chosen had to offer a quantum leap in terms of job costing abilities and be able to handle specialised accounting functionality the organisation demanded, notably around managing the agency's work in progress. "We wanted to be able to reconcile jobs with as little fuss as possible. Our production billing is over £25 million a year, which must be well managed financially. It's very important that we can reconcile jobs on a regular basis. The way the system is designed means we can manage client's money more effectively - adding value and improving the service for the client, making our lives easier and ensuring that budgets are controlled and monitored."

Concept has been able to demonstrate the necessary service skills to help move the agency to the place it wanted to go. "All in all they are people people; they offer good service which has meant that we can work successfully with them."

It's now nearly three years since the Concept solution started helping. "The main day to day benefit of having the system we've found is better financial control. We are controlling things because we can see what's on the system from day one - we can see what jobs are open, what estimates are raised, what information is loaded on. In addition the latest windows based upgrade gives Concept a much more user friendly interface. This is encouraging user take-up ensuring we're getting the right information on the system in the quickest time."

This promotes other sorts of efficiency and time savings: the Finance team has been able to reduce its workload significantly. "The simplicity of the system means that it's easy to have different people with different IT skills using the system reducing the burden on the finance team allowing us to work more effectively and efficiently."

Proactive client management

That's not to say all parts of the system's functionality have been fully explored - Kelly cites CRM and timesheets as modules that haven't as yet been used. But overall what Mother has ended up with, she insists, is what it wanted: a well-functioning accounting system as well as a strong job costing system that highlights what jobs are currently in credit and where costs are being incurred and not being billed. "By highlighting to us exactly what financial situation we are in, we are able to nip client issues in the bud early. Managing clients' money and managing clients' expectations, dealing with client issues that have arisen - that's where Concept comes in to its own."

FRAME



Business sector: Advertising

Application: Automating job management, providing management information, managing live client documents

Integration benefits: 25% increase in timesheet completion in first 3 days. Project cost paid back within 14 months.

"We are 14 months into the Concept project and the system has already paid for itself."

George Cumming,
Operations Director, Frame

Frame's business ambition is to be the top agency in Scotland. In pursuit of this aim, in 2004 the agency set about establishing robust internal systems to record, measure and monitor its performance and to improve decision making and financial awareness.

Responding to the exacting demands of its large clients and to meet its own ambitious growth plans, the team conducted a review of agency management systems to replace its ageing accounts package and patchwork of manual processes and sub-systems. With a focus on improving efficiency and increasing financial awareness Frame assessed the market and selected Concept from ESG.

Ticking all the boxes

The main selection criteria focused on the integration of the job bag system with financial system; how identifiable efficiency savings would be; ease of use for staff; quality and availability of management information; and cost and projected payback. Concept provides an integrated approach to timesheets, accounts, CRM, job bags, estimating and budgeting and so met all of Frame's requirements.

"We considered a number of systems, but Concept's combination of automated timesheet handling, extensive reporting functionality and the integration between the job bag system and the financial system won through," says George Cumming, Frame's Operations Director. "We are 14 months into the Concept project and the system has already paid for itself. We are now in the return on investment phase significantly earlier than we had expected."

Frame produced a financially focused budget justification for the Concept system. The savings have in fact been much greater than originally conservatively estimated according to George, who also added that there has also been a much greater gain from time saved on the paper chase of finding job bags and the all too familiar transposing of numbers on the job bags resulting in more wasted time.

Finding the right solution

So what should you look for in integration? An agency management solution that ideally will offer the following key deliverables:

- An integrated financial control with job management system to enable you to view and drill into revenue and profit by business unit, client, brand, product, account manager/director, job, as desired
- Workflow, to manage the processes (creating, reviewing, editing and publishing functionality)
- Some sort of business intelligence capability to allow drilling into details slicing and dicing the data
- The capability to integrate easily with other related applications, from back office ad production systems to other types of finance, job costing, business intelligence and CRM systems that may be deployed in the future
- Be easy to use, by any employee, and link easily to Microsoft desktop tools, and be as widely accessible as possible (over the Web)
- A provider that allows an organisation to move at its own pace and budget is also a major advantage. An incremental approach based on clearly realisable short term wins - starting small adding more advanced features as the need is defined and your people ready to progress to the next stage - will help deliver consistent project success.

The bottom line is clear: the best way to gear up to business in 2007 and beyond is to look to technology as a way to streamline internal business processes, eliminate inefficiency and duplication, boost productivity and help your team work better. This equals integration, the key concept of leading-edge business software like Concept. **Talk to us to see how we can help you integrate better.**

About ESG Concept

Enterprise Solutions Group (ESG) has been providing integrated business management solutions to organisations across the UK for some 10 years and is today the acknowledged leader in its field.

ESG's flagship product, Concept™, underpins and manages the businesses of more than 130 advertising, sales promotion, marketing and design agencies in the UK and North America. These communication companies rely on Concept's modern, sophisticated job and document tracking facilities, financial management capabilities and reporting functions to help them achieve quality, efficiency and consistency in the running of their businesses.

ESG also boasts a comprehensive services delivery capability from implementation and support through to a complete managed service that supports outsourcing, hosting and business continuity.

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