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The Process Mistakes: Bad SOWs, Bulk Scheduling, Not Cost Tracking [Part 4]

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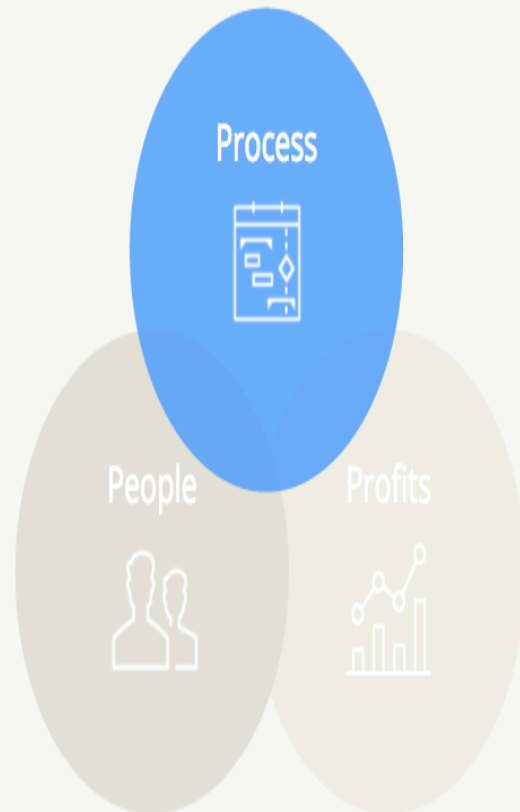
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The Process Mistakes

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Part 6 of The Biggest Mistakes Agencies Make While Growing ... And How to Avoid Them

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[Mistakes](). <<

Remember when your agency first started out? Maybe, if you were lucky enough to be there. Even if you weren't, you can guess.

There were just a couple employees. Everyone worked so close you had to move when someone needed to get up. Collaboration was a piece of cake.

You knew exactly the status of each project.

So what happens when you grow?

You need some help. You need processes. You consider software systems that can help establish these processes.

You either get some processes in place, or you stop being able to grow so well.

One of our clients at Mavenlink tells a great story. Elevated Third is based out of Denver, and they were growing fast! It was tremendous.

They hit 20 people, and suddenly their process stopped working so well. Their "tribal processes" started breaking down. See how Elevated Third still managed to grow in this short video here.

Usually, we see three process mistakes pop up in agencies like Elevated Third.

Mistake 8: Writing Bad SOWs

Many agencies have processes for getting work and

kicking off projects with clients. The best agencies also have a formal process in between to write Statements of Work (or SOWs).

SOWs aren't to be confused with your proposal. Proposals get people's interest in what you can do. SOWs outline exactly what you will do, and they become much more detailed as a result.

SOWs are great. They build trust and set expectations between your agency and the client. That is, as long as they're done right.

Bad SOWs are easy to spot. A bad SOW is a cookie-cutter-copy-pasted template. We all know each project is different. So each SOW must be, too.

It's totally OK to start with a SOW template! Don't

get me wrong. When you're doing a lot of one type of work, it make sense to have a SOW template.

Just be sure you customize your template to fit each particular client's needs. If you aren't customizing a detailed SOW, it's as bad as not having one. It might even be worse, because a SOW can be interpreted against what you actually meant.

Mistake 9: Bulk Scheduling

Even if your agency is just a few resources, you are probably tracking time.

This is the most fundamental process for an agency. Typically this is done by assigning hours on a monthly basis. Sometimes it is done sitting in a conference room together, sometimes it is done on an excel spreadsheet, and some agencies maybe even

have a resource planning system.

The problem here is the fact that they are bulk assigned for the month. As we showed in the last blog post, comparing the actual hours worked to the bulk-scheduled hours is not always a match.

Don't let poor planning shift your project profitability.

Mistake 10: Not Tracking the Costs of Your New Business

If an agency is growing, they are inevitably spending tons of time securing new business. They are constantly getting new clients, and those clients continue to give them opportunities and work.

They literally can't stop themselves from growing!

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So here's where they could do better.

Beyond tracking the revenue and profits that piece of business will bring you, you have to track the cost of winning that work. How much time (i.e., money) are you spending to get that new piece of business? How does this compare to the revenue that business is bringing in? Not to mention you are probably putting your best and brightest team members on that new business, at the expense of billable hours. That gets costly.

So when you look at your sales process this way, are you still making money?

The Fix: Refine Processes as Necessary During Growth

This whole thing is about growth. To grow your business, your processes need to grow. Small companies get away with intuitive processes. They do what feels right, and it works out. That's great! We're not trying to change them. Don't change what's working, right?

If you're growing, we're talking to you! Growing companies must refine their processes constantly so they don't get a surprise ending on one or more of their projects.

One fix here is putting new systems in place. Systems that let you manage your clients, projects, resources (i.e., time and money), and financial information can help you ensure nothing slips by.

Or worse, that nothing got done that could have

gotten done smoother.

If You Only Remember a Few Takeaways:

- If you're growing, eventually your tribal processes will break down
- Refine your processes as you grow
- Consider putting a system in place to help you grow
- Set appropriate client and employee expectations
- Accept the nature of evolution, which is constant growth and refinement

A Good Place to Start Shrinking These Growing Pains

We're coming to a close here. We've covered the common growing pains agencies feel. Hopefully you're pulling away some good tips for avoiding and

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reducing those pains.

That's a good place to start. Another solution you might look to is finding a system that can help you tackle and reduce these pains.

The companies who take advantage of this exciting surge in client demand are going to grow. How well they grow and how far they go has a lot to do with reducing these ten growing pains. Leveraging your people, profits, and processes to the best of your ability will help. Software can help.

Smart people working hard together can help.

To learn more, you can download Mavenlink's exclusive guide to guide to knowing when to hire versus when to contract in this exclusive ebook.

You can also click here to access this full recorded webinar and/or share with a friend.

>> Click here to go back to Part 3: The Profit Mistakes. <<

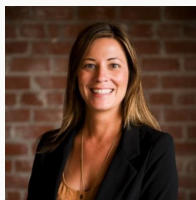SHARE ARTICLE   Facebook   Twitter   Linkedin   Google+

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