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Demonstrating ROI from Creative Teams



The All-In-One Solution For Your Creative Team

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Introduction

For an agency, tracking and reporting on creative team performance from a financial standpoint allows you to demonstrate ROI and cost-effectiveness for internal and external financial stakeholders.

You can quantify the value and productivity of your team's work by measuring data such as hours billed, expenses incurred, and costs by project.

In doing so, you can provide an accurate accounting of the client's investment—and yours. Your agency can then calculate profitability based on actual expenses, while your client can assess ROI in terms of revenue generated.

Integrated project management provides a solid basis from which you can work to compile data, calculate returns, and communicate value, by connecting each step of the creative process to costs. From the proposal that the client approves to the timesheets that are processed and the invoices that are billed, you have a transparent means for reporting expenses to your client and justifying their investment. You can also assess your team's performance, allowing you to manage your internal resources more efficiently.

This Agency's Guide to Demonstrating ROI from Creative Teams will show you how to effectively track time, money, and resources so that you can convey value internally and externally. Read on in order to discover how you can calculate the ROI of your creative team.

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Staying on time

Timeliness is key when it comes to creative work, because a campaign's success depends on its ability to engage the right prospects at the ideal moment. Time wasted is opportunity lost.

If your creative team fails to meet deadlines, then your client could miss out on sales, thereby eroding its ROI and possibly jeopardizing its status as a client. Conversely, showing that you met—or surpassed—deadlines can indicate that your agency contributed toward your client's financially rewarding campaign. Knowing who is working on what and when is key to effective resource management. Showing that your creative team is busy and productive is essential for demonstrating ROI.

Track resource availability and utilization so that you and your clients can determine if work is being completed by team members in a timely manner. If you see that a project is being delayed waiting for someone with 10 pending tasks to complete something, while another team member who is just as qualified is available now to finish the work needed to put the project back on track, then reassign the task. Review resource forecast and usage at least weekly and refine workloads as needed in order to keep projects on time.

Consider the following ways to adhere to deadlines, ensure success and demonstrate ROI:



Compare calendars.

Simplify task assignments and meeting scheduling by working off of a common calendar. Creative team members can keep their own in the format they prefer (e.g. Google Calendar, iCal, Outlook Exchange). But coordinating availability through an integrated calendar lets you—or your client—instantly see who is working on what and thus see who could jump in to help at any given moment.



Automate timekeeping.

Integrate tasks with timesheets so that the project schedule and timesheet are automatically updated when a creative task is completed. This makes it simpler for your creatives to enter their time, thereby freeing them up to keep working while showing your client the actual time spent on its behalf.



Categorize time.

Not only does associating time with tasks allow you to show the total hours that your creative team spent on a client's project, but it also lets you explain how the time was spent. Showing time spent on first drafts versus time spent on revisions, for example, can indicate how effectively your team is meeting your client's expectations. If the time spent on revisions seems excessive, you may want to revisit the quality of creative briefs in order to see whether or not your team is getting the guidance it needs and your client is getting the performance it desires.

Tracking time helps you keep your creative team on task by coaching for project improvement and recognizing contributions, at the very least with a thank-you for a job well done. You can also show that meeting deadlines supported the project's success, thereby enabling your agency and your client to measure ROI.



Managing money

Adherence to budget is priority #1 for demonstrating ROI, because blowing the budget will instantly decrease any return. It is imperative that you benchmark budget requirements for creative projects so that you have a feasible comparison for the return from the outset. Starting by creating budgets from templates based on similar projects that you completed previously will give you a realistic foundation upon which to build.

Continuously forecast your budget throughout the project in order to ensure that you are within your limits, thereby preserving your potential return. Configure your software to alert you if you're about to exceed your budget.

Watch for scope changes as well. If your client wants more than was initially requested, then require the client to complete a change order authorizing additional payment. Extra work without extra pay may help your client's ROI, but it would quickly sap your profitability.

Similarly, the client's ROI could decrease if it pays too much for work that may not be warranted based on its objectives. So, work through any change orders together in order to reach agreeable terms for both parties.

Here are some day-to-day measures that could be mutually beneficial as well:

Reconcile invoices.

Appropriately connect all invoices, including for vendors or freelancers, related to a project. This provides a true accounting of costs against which you can measure a return. You can also detail invoices so that your client sees how each expense helps your creative team complete the project.

Consolidate reporting.

Dashboards and reports are key to monitoring metrics like billable efficiency and cash-flow projections. You could compile them in one easy-to-access place with agency management software—or, at the very least, standardize performance measurements like profit-and-loss reports by client. You could then quickly provide key performance indicators for ROI-seeking clients or internal stakeholders.

Invoice by retainer.

Bill expenses against specific projects even if you are on retainer. Itemizing costs by deliverable shows productivity and—for your purposes—profitability. It also helps you ensure that each member of your creative team is being properly utilized and that you are not over-servicing or under-servicing your client.

Given that you can't demonstrate cost-effectiveness without costs, capturing and controlling them is crucial to demonstrating ROI for your creative team. Detailing how they were incurred, including on expense reports, and proving their value will also help you improve collections and cash flow.



Communicating value

Communication is most effective when it is clear and consistent. So, keeping clients apprised of your creative team's progress in relevant terms, in real time, can imbue them with confidence in your agency's work and its effectiveness. You can allow them to log-in to your project management system to review your work. Providing them with a means to view progress themselves through shared files like this can be especially beneficial because of the trust that the transparency creates.

Outline your objectives and goals at the project's outset so that you, your creative team, and your client share the same expectations. Clearly defining the strategy together up front will also increase engagement among your team and with your client while providing them grounds for feedback. Minimizing questions about scope and direction can help you avoid needless delays as well, thus keeping your project on track to attain the targeted ROI. At meetings, you can alleviate confusion by discussing any changes in course direction in the same terms. Compiling communication, including feedback and deliverables, in a central portal like a shared site in the cloud, lets everyone track what was done by whom and for whom, thereby showing how your team met or missed client expectations.

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Take these additional steps in order to improve client communication. Save the essentials. Referencing a client's initial project request or the original specs can be key in demonstrating ROI, because you can see how, or if, the work changed over time. Store all project files, beginning with the first ones, so that you can show a clear history of work requested and completed. You can also refer vendors, freelancers, and other parties involved in the project to the same documents in order to ensure consistency in expectations and delivery.

Accommodate preferences in schedule formats.

Your client may prefer to track your creative team's progress on the project by following a Gantt chart. And you may like a calendar view instead. Give the client the information in its preferred format so that it can stay apprised in the most understandable, or at least preferable, way. This will help you demonstrate ROI in the client's terms.

Share approvals.

Quickly route files to your client for approval. Then, clearly document its approval and/or any feedback so that you can track work completed, revisions requested, and modifications done. This will help you show if your project is adhering to timelines and whether or not total hours worked and expenses incurred are staying within budget. If not, you then have a starting point to identify possible causes and solutions, like delayed responses from your client or failure to follow directions among your creative team.

An effective communication plan helps you see, and show, what's working and what's not throughout your project. Define your Key Performance Indicators and success factors early and then measure your progress against them as you proceed, keeping your client and creative team informed at each point.

Much of managing clients, creatives, and/or an agency depends on your ability to interact with people. Having them like you or just assuring them that you are doing what you said you would do is no longer enough, if it ever was, because now results often mean as much—if not more—than relationships.

Increasingly, the onus is on creative agencies to provide transparent reporting and help demonstrate that investment in their services is worthwhile. This is also true internally, with creatives coming under more and more demand to prove ROI or cost-effectiveness.

Demonstrating ROI based on data like true expenses, hours worked, and itemized costs per deliverable will make you and your team more efficient and your clients more satisfied by focusing communication and efforts on the most measurable, relevant, and rewarding work.



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