

The Savvy PR Firm: Five Steps to Success in 2021

5 min read



Key Takeaways

- **Manage Cash Flow:** Surviving an economic downturn requires cash. Here are some actionable strategies to boost cash flow...
- **Review Profit Drivers:** Use management reporting to make strategic decisions, especially when it comes to your people.
- **Training, Automation, and Human Capital Strategy:** Many small to medium-sized PR firms use manual processes for accounts payable and procurement. Processing manual invoices costs an estimated \$10 to \$15 per invoice.

Last year was a tumultuous time for business. For PR firms in particular, hanging onto clients was a struggle, because businesses tend to put PR services on the chopping block at the first sign of financial trouble.

Savvy PR executives who figured out how to pivot with each crisis thrown at them in 2020 are now more prepared for growth in 2021. With each glimmer of hope leading us back to

some semblance of normal, it's time for PR firms to regroup, refocus, and be more innovative and prepared for successful progress.

Consider these five steps for building strength and resiliency into your company in order to capitalize on economic growth.

1. Promote a Growth Mindset

A growth mindset consists of equal parts optimism and education, which are then modeled throughout an organization. When operating with a growth mindset, businesses seek challenges and embrace failures.

It stands to reason that management should continue to praise growth and performance even more so than before. There is comfort in discussing business successes (rather than pandemic gloom), and we control our destinies through performance. So celebrate not only the big contracts but also the smaller improvements and wins.

Although it may seem counterintuitive, rewarding failure promotes a [growth mindset](#) as well, while punishment discourages innovation. Risk-taking and failures pave the path forward. Managers must keep an open mind, encouraging everyone to contribute so ideas (and morale) will flourish. Shutting down debate is the same as punishing failure. A room full of bots won't foster creative campaigns that delight clients.

2. Manage Cash Flow

Surviving an economic downturn requires cash. Here are some actionable strategies to boost cash flow:

- **Bill everyone.** Now. Believe it or not, some firms have thousands of dollars in invoices sitting around. No one pays if they're not reminded and compelled to do so.
- **Get a deposit.** For something custom like crisis planning, a deposit is needed. Ask for 50 percent or enough to cover initial costs.
- **Accept easy payment methods.** People are more likely to buy something when they can pay electronically.

- **Review interest rates and minimums.** To boost cash flow, preserve it. Pay off the high-minimum credit lines first, then tackle the high rate cards.
- **Move payroll.** If paying employees on the first of the month is a recurring cash flow problem, move your payroll dates to (for example) the 10th and 25th.

3. Cutting "Below The Line"

Keeping an eye on costs during challenging financial times is a no-brainer, but not all expenses are created equal.

Above-the-line costs are directly related to earning income, and customers pay these as incurred. There are only two: direct labor and direct materials.

Save where you can, but first focus on indirect (below-the-line) costs, such as accounting, marketing, and facilities, which do not directly produce income. Ways to trim these are numerous—a half-staffed office doesn't need cleanings as frequently. Working from home means less office paper, less shredding, less coffee, less utilities, and so on. Outsourcing non-competencies (such as HR and accounting) can save as much as 40 percent in expenses.

👉 Here is a [guide](#) that may help in your outsourcing decision.

4. Review Profit Drivers

Profit drivers in this context are people.

They're calling it the Turnover Tsunami: 2021 studies have shown that 52% of workers plan to search for a new job following the pandemic, and 1 in 4 workers plans to leave their jobs once the pandemic settles and new opportunities start to pop up. [1].The reports found that in addition to the usual career-oriented reasons such as wanting a raise or promotion, **the bulk of the reasons surrounded pandemic-related burnout.**

Find and keep your star players. Making decisions about keeping or eliminating employees can be emotionally draining, but these decisions should not be made based on feelings.

Your staff knows who is good and who is not. Laying off a star player will have devastating consequences for morale and results at the worst possible time. Use management reporting to make strategic decisions, especially when it comes to your people.

5. Training, Automation, and Human Capital Strategy

Think of training as productivity enhancement. Any training that does not generate a return should be avoided, but some training is strategic. If business slows to the point where one client no longer justifies a writer and an account manager, can one do the other's job with some training?

Additionally, many small to medium-sized PR firms use manual processes for accounts payable and procurement. Processing manual invoices costs an estimated [\\$10 to \\$15 per invoice](#). Through automation, businesses establish electronic links so invoices/payments can be transmitted automatically, dramatically reducing workload while saving money. Hyper-efficient billing increases cash flow, and managing payments optimizes it. Automating collections is also highly advisable. People are more likely to pay if reminded, so a standardized, calendar-based process will be most effective.

Lastly, companies need a human capital strategy. In service businesses, the longer that writers, account managers, and PR pros stay, the more knowledge and skills they can deploy. If they leave, that's lost and new people need months of training to catch up. To define a human capital strategy, first define the company goal. If it's to be the go-to crisis communications firm, then define how the company culture can be focused to achieve that. If you don't define and embody your company goal, it will be defined by others.

Build It and They Will Call

Business leaders had a rough year, and frankly speaking, we're not anywhere near being out of the woods. However, in the PR world, this somewhat predictable and continued chaos will generate business for those ready for it.

These five steps will enable management to boost cash flow, promote a strong, vibrant organization and position all departments for success. Don't forget: For any company with a 90 percent margin, a 10 percent boost in productivity doubles profit.

Today, professional, remote services are available to help small and medium-sized businesses flourish with affordable and automated back offices.

PR Firms especially can benefit from the power of having a fully functional back office and access to highly experienced accounting professionals. These U.S based, out-of- house experts are able to optimize your accounting system with the best tools and technology available for your industry, show you how to use it, and help you interpret your business's financial reports.

[1] *Achievers' Employee Engagement and Retention Report*