

Avoiding Catastrophe If Your Online Partner Goes Belly Up



by Bill Carmody

You've already committed several million dollars' worth of offline media exposure (including your very own product packaging). Then you learn that your trusted online partner is filing for Chapter 11.

Don't think it could happen to you? Just pick up any newspaper and read about the latest bevy of layoffs or the up-and-coming agencies that have closed their doors for good.

Think about it for a second. What's your back-up plan if your online partner goes belly up? Although this is one crisis we all hope to never have to face, some of us might. So here are a few things to keep in mind so you won't be completely caught off guard – and a few equally important things to think about if you find yourself in that unfortunate circumstance.

How well do you know your partners?

I'm not asking if your online partners have received their latest round of financing or how profitable they were last year. Do you know who's really in charge and in control of the way the company does business? You may love your day-to-day contact, but what if that person was suddenly let go – along with her whole department? Do you have a good sense of whom that person reports to – all the way up the corporate food chain? A company is only as good as its people. And its people are only as good as they are empowered to be by their superiors.

Go beyond technology 'wow' to learn how

If you work directly with a technology provider as opposed to an online agency, your goal should be to get beyond the "magic black box" and understand what the provider is really

providing. Fast-talking sales reps can make it appear as if everything they do is unique and proprietary. The truth is, it's usually not.

Most of the code that runs even the most complex game engines can easily be replicated by the right programmers. (Again, it's the people, not the code, that make online programs successful.) If your provider is truly a partner, it will want to answer any questions you may have (smoke-and-mirror companies will quickly shy away from direct questions). Your partner should have no difficulty taking you behind the scenes to understand "the magic." The more educated you are about how your programs work, the less vulnerable you will be if your partner suddenly shuts its doors.

Diversification is not just for stocks and bonds

While consolidation often reduces overall costs, it also increases risk. To an extent, the more agencies you have working on your business, the less risk you have of being affected if one shuts down. However, having too many agencies can become unwieldy. I've found that the "preferred vendor programs" of companies like Microsoft work well for client and agency alike, because they ensure the proper background checks and internal client performance ratings. That lets employees look up the history of vendors to find a good – and safe – match.

Install checks and balances

If you truly want to be in control of your destiny, you really need to know what to ask. Why not hire a third party to ensure that your partner is protecting your company's best interests? While third-party audits are (unfortunately) somewhat uncommon in the world of online promotions, you shouldn't necessarily continue that trend. Think of it as insurance to protect you from

potential problems. An independent third party will listen to what you need and work with the partner to ensure compliance. (If you don't think you have the time to do this, just imagine the flip side of having to start from scratch in an emergency.)

Referrals offer an immediate back-up plan

If the worst happens and your partner really does go belly up tomorrow, all is not lost. First of all, even the most junior person working on your business can often point you in the right direction. (In all likelihood, he had some indication that things were not going well, but was unable to inform you beforehand because of his position in the company.)

If you can't get a referral to a comparable partner from him, take a moment to see who your competitors are using. A drastic measure? Sure. But remember, this is an emergency.

Or, use any available industry information to find a replacement. Again, picking a partner from a directory isn't exactly ideal. But it will help you avoid a complete disaster.

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