

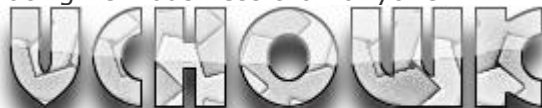
Solution:

Here the problem is occurring due to the conflicting priorities of each person which is called "agency problem. The need is to minimize the agency problem. Agency theory is the branch of financial economics that looks at conflicts of interest between people with different interests in the same assets. This most importantly means the conflicts between:

- shareholders and managers of companies•
- shareholders and bond holders.•

Some ways are suggested here under which could help them to solve the agency problem

1. through training and setting proper goals
2. This conflict can be addressed by the use of debt covenants, or by providing debt holders with a hedge against such action by the shareholders by issuing convertible debt or debt bundled with warrants.
3. Productivity improvement. This was once described as "pushing the staff to work harder." Most agencies are at the limit now when it comes to how hard your staff is working. It's more effective to strip non-value-added work out of the process; Streamline the workflow, implement new tools to enhance communication, remove old forms and steps that were implemented in another age.
4. Compensation and contract terms improvement from clients. This is a great option if only you can figure out a way to make your clients pay you more. Revisit your contracts, utilize benchmarking results, establish performance goals and understand how to negotiate.
5. Organic growth. This is the British term for getting more work from existing clients. It can be difficult if all you do is try to sell more of your existing services. It is far more effective to find ways to sell Business Building Ideas and Value-Added Services.
6. Merge or acquire. An effective way to reduce overhead or add services you are now buying from someone else. Look around your market for a good opportunity for a cross-town merger. If done properly, this can transform an agency.
7. Realign your brand. Focus your efforts on one category and become an expert. By adapting a more consultative approach for your existing and new accounts you can increase revenue to the bottom-line
8. Cut salaries and staff. This is a meat axe approach and is usually the last resort before the door closes. If not handled correctly, the end result is often good people leave and bad ones stay. There are some effective ways to better align staff with your overall agency goals. If this is done correctly, it can reenergize staff by removing deadwood.
9. Grow. Win more new business. One of the things Sanders Consulting Group is best known for is our new business prowess. Over the years we have taught more marketing communication people around the world more about generating new business than anyone



else

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