Small But Mighty Agency Podcast

Episode 60: Is The Agency Model The Best Path For You?

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Is the agency model the best path for creatives, consultants, and marketers looking to scale their service businesses? In this episode of the Small But Mighty Agency Podcast, I tackle this question and share my insights on the agency model from my experience building and coaching agency owners. I discuss the right time to consider the agency model, the difference between being self-employed and a business owner, plus the self-employment trap that many service providers fall into. I also emphasize the importance of consciously choosing between self-employment or business ownership and building effective systems and processes for team delivery. Find out if the agency model is the way to scale your business. Tune in

Audrey Joy Kwan

Welcome to the Small But Mighty Agency Podcast. If you're a creative, consultant, or agency owner, who wants to know what the roller coaster ride really looks like to grow your business from one to many, you're in the right place. My guest and I pull back the curtains on the realities of growing and running agencies of different sizes, and what it takes to build a team. And if you're anything like me, you want more than the highlight reel. You want to learn from the mistakes of others so that you can stop short of making the same mistakes. I'm your host, Audrey Joy Kwan, I spend my days as a coach and consultant to multiple six and seven figure agency owners. For the last seven years, I've been behind the scenes, helping people grow, lead and operate small but mighty agencies. Here at the Small But Mighty Agency Podcast will uncover what words and equally as important what didn't work to get these business owners to where they are today.

Hey there friends! Welcome back to the Small But Mighty Agency Podcast. Today, I want to talk about a question on the minds of many creatives, consultants, and marketers as they think about scaling their service business. It's figuring out whether the agency model is the right path.

I define starting an agency as having at least one other person who supports client delivery of your services. That's the key to scaling a service business.. We moved away from the idea that an agency needs to be fifty or more people under one roof. Today, we've got boutique or micro-agencies on the rise and they're changing the game.

If you've been following me for a while, you know that I speak from experience. I worked in agencies before going client-side. When I finally went out independently, I consulted with small agencies and now I coach and consult with creatives, consultants, and marketers to build agencies. I have a track record of helping service providers scale by building lean teams, including helping a client sell and exit his agency. Not everyone wants to sell and exit, but many business owners I work with want to get out of client delivery and implementation.

In this episode, I want to give you the low-down on who the agency model will work for because I know what it takes to build one from real lived experience. If you're on the edge of the decision, I encourage you to check out some case studies on my website (go to audreyjoykwan.com/casestudies) to see some inspiring stories of service providers who have taken the agency path.

Now, when should you consider the agency model? It's usually before you hit capacity.

You've got a validated service offer that may need refining or optimizing, but it's validated, meaning you've sold the offer and created results.. While the best time to decide is before you hit capacity, I say it's a 50/50 split. Some people I work with know they want an agency model before they hit capacity, while others come to me when they're already feeling the pain of being at capacity.

The pain typically looks like working long hours consistently, meeting deadlines by working weekends, turning away clients because you don't have enough bandwidth, and feeling like you're not maintaining your usual level of quality. At this point, you have to ask yourself an important question: Do you want to be self-employed or do you want to own a business

Being self-employed means that you are the business. You work for yourself, and you're not really interested in having others support you in client delivery at this point.

On the other hand, Being a business owner means you own a company that employs or contracts others to work for you. This means you choose if you want to be involved in the business's day-to-day operations, and your business can grow even when you step away.

Whether you choose "self-employment" or "business ownership," one is not better. It's just a choice that every service provider needs to make consciously.

The key word is "choice."

When you choose to be self-employed, you're okay with limiting the number of clients you have so that you can provide quality service without burning out.

When you choose business ownership, you want to remove client delivery or service implementation, so that you can focus on other parts of your business. You ensure your business doesn't rely on you as the sole provider.

The challenge comes when you want to be a business owner, but you're operating like you're self-employed, which I call the "self-employment trap."

A lot of my clients come to me when they're ready to move past this trap. They have too much client work to do and know there are parts of client projects they don't have to do themselves, but they're unsure how to delegate effectively.

The self-employment trap often has you thinking that it's better or easier to do everything yourself because you'll have to redo the work that you delegate. That mindset can cause burnout and stress and prevent you from growing your business. It keeps you small.

If you're throwing up a job posting on social media and hiring the third person who responds because their website looked decent, think twice! Finding the right support rarely looks like that and it doesn't set you up for success.

If you're ready to take your self-employment to the next level and start building a team, the agency model might be right up your alley. But let's be clear - I'm not talking about hiring a virtual assistant for admin tasks. We're talking about finding someone who can support client delivery, which requires a different set of skills.

When it comes to building a team for client delivery, it's not just about how to hire. The most important thing is setting up the right systems and processes to ensure everyone is on the same page. That's where my expertise comes in - we focus on refining and developing your processes to ensure expectations are crystal clear before you even start the hiring process.

Of course, if you prefer to stay self-employed, you don't need as much structure. But if you choose business ownership and the agency model, you'll need to create more structure and processes to support your team.

Before we go into more details about structure, it's important to consider what size agency you want to build.

If you're worried that the size of your business will determine whether an agency model is right for you, let me tell you that's not true. Don't get caught up in thinking that an agency has to be a certain size - it's completely up to you how big or small you want your agency to be.

You might be thinking, "wait, what do you mean by small? Why would I want a small agency?" Or, on the flip side, "a big agency feels overwhelming, so I don't think I want that."

But the truth is, your agency can be whatever size you want it to be. The agency model is more about transitioning client delivery off your plate than the size of your agency. And the size of your agency definitely doesn't determine the success of your business.

What determines your business's success is defined by your own needs. For example, how much income do you need per year to live the life you want? How many hours do you want to invest per week in your business? What are your values about the problem you solve, and how do you want your business to solve it? Do you want to sell your business or will it be something you retire when you're done working? There are no wrong or right answers to these questions - it's all about what's best for you.

We're all about growth, but we're not about growing until you hate what you've built. So don't let the word "agency" make you think you must build a certain size of business. The agency model is flexible in size and really about getting client delivery off your plate.

Let's talk about processes next. To deliver quality work in an agency model to your clients, you need to have solid systems, processes, and workflows in place. But, if creating those things isn't your cup of tea, then you might be wondering if the agency model is right for you.

Most clients I work with crave and appreciate structure and organization in their delivery system. The struggle is putting their ideas into a tangible format that someone else can follow. The important thing is that you want to have a systematized delivery system and use it in your business. You don't have to be good at creating processes and workflows.

Sure, we can help you create processes and workflows, but it will be an uphill battle if you don't see the value in having them or don't want to use them. That's the key, you have to see the value and want to use them in your business. If you said yes to both, explore the agency model. If you said no, the agency model might not be the best fit for you.

Processes are also important in an agency model because it supports how to manage and lead a team.

Being real here – having a team can be super exciting, but it can also be scary when you think about managing other people. If you worked for a company before starting your own business, the word "managing" can bring up past bad experiences with managers.
I hear that from clients all the time. Or maybe you've never been in a leadership role before and nervous about it. I totally get it.

But here's the thing - managing is just a fancy way of saying coaching. Leaders coach others to succeed, and having a team is about learning communication skills and coaching skills to support others to succeed.

The return on investment in having a team is huge as they can become your mastermind. Your team members know the strengths and weaknesses of the business, and together, you leverage your strengths to achieve goals. Plus, you can come together to tackle those challenges and find solutions when you hit roadblocks. Having a team means you're no longer alone in your business journey, and your team members can be your biggest allies in achieving success.

The agency model isn't always the best fit for every business, but it's a great option for consultants, marketers, and creatives who have (or want) a high-ticket project or retainer service offer.

I've had the opportunity to work with clients and help them refine, develop, and optimize different high-ticket project offers and retainers. When you think of agencies, the first thing that usually comes to mind is marketing or creative agencies. These types of agencies typically have retainers for managing pay-per-click ads, ongoing SEO campaigns, content marketing, website management, and more.

But, there are other ways that agencies offer their services beyond retainers. For example, we've helped scale high-ticket projects like sustainability consulting, change management consulting, and customer research projects.

It shows that the agency model isn't just limited to marketing and retainers. It can work for a variety of high-ticket projects.

So, here's the summary: Deciding whether the agency model is right for you comes down to what you want your business to be. Do you want it to be a self-employment gig, or do you want it to be a business that can run without you doing all the client work? If you're leaning towards the latter, then the agency model might be the way to go - regardless of whether you're a team of two, three, five, or twenty.

Now, people will tell you that knowing how to hire is the key to making the agency model work. But in our experience of growing agencies, other important ingredients come before that - specifically, knowing how to structure your systems, processes, and workflows for running an agency. If you're a fan of structure and organization, then the agency model might be a good fit for you.

Of course, you can't run an agency solo - you'll need a team. And we get it - the idea of managing a team can be a bit scary, especially if you've had bad experiences in the past. But here's the thing: if you approach it as coaching others to success, and you have the right tools and processes in place, it can be rewarding. Start with one person at a time, and you might find that the agency model is a great way to scale your service business.

If you found this episode helpful please share it.

And hey, before we wrap things up, I wanna chat about how small agencies can keep up with the big players. It might seem like a tangent, but trust me; it's important if you want your agency to attract clients.

When you run a boutique agency, you don't have to be a jack of all trades. Instead, focus on carving out a niche by specializing in a particular industry or offering a unique service. This sets you apart from the competition without having to compete with big names.

Rather than trying to do many services, focus on your core competency and ensure you're known for it. This approach leads to more focused messaging and marketing efforts, which makes it easier to build your business, establish thought leadership, and sell higher-priced services because you're specialized.

It, also helps you build a more focused team that doesn't have to start from scratch with every client. Instead, they can help you innovate and refine your specialized offerings.

If you want to learn more about making your offers competitive and scalable, head to audreyjoykwan.com/roadmap to download your free Productize Your Service Roadmap.

And as a bonus, when you download the roadmap, you'll get exclusive access to invitations-only roundtables where agency owners can connect and mastermind top-of-mind challenges, including creating scalable service offerings and developing lean team delivery systems and processes that work.

So, go ahead and grab the roadmap at audreyjoykwan.com/roadmap or just click the link in the show notes.

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Hey, there. Thanks for hanging out with me at the Small But Mighty Agency Podcast. If you enjoyed this episode, it would mean the world to me if you hit the follow or subscribe button in your podcast app and share it with a friend. I'll see you in the next one.