

Small But Mighty Agency Podcast

Episode 66: Navigating the Messy Middle to Build Your Agency

Speakers: Audrey Joy Kwan

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What exactly is the Messy Middle? It's the transformation phase where you get out of client delivery and grow your business with a lean team.

If you're a marketer, consultant or creative who turned your skill and expertise into a service-based business. Odds are you started your business for more opportunities and freedom, but as you try to scale your business from just you to three, five or twenty, you unknowingly (or knowingly) hold onto freelancer and solopreneur habits that no longer serve your direction, and you end up overwhelmed.

I coined this phase of business growth the Messy Middle; it's a pivotal phase where you get client delivery off your plate and build your agency.

Tune into this episode and find out how to navigate through the messy middle and come out stronger.

Audrey Joy Kwan

Welcome to the Small But Mighty Agency Podcast. If you're a marketer or consultant, or a creative on a journey of growth from solopreneur to agency owner, follow along because I pull back the curtains on the realities of growing and running a scalable, service-based business and building lean team. I'm your host, Audrey Joy Kwan, I know what it takes to build an agency, whether it's from solo to three, five or twenty. I've done it, including supporting an agency owner to sell and exit. I've coached and consulted over 120 marketers, creatives, and consultants. And I've been behind the scenes of seven figure businesses. I also have a master's degree in communications specializing in organizational development. All this to say, I know what it takes to grow lead and operate a multiple six, and seven figure small but mighty agency. And here on this podcast is where we'll dive right in.

Audrey Joy Kwan

Hi friends, welcome back to the Small But Mighty Agency podcast. We're talking about the Messy Middle today for service-based business owners.

What is the messy middle?

The messy middle is the transition from freelancer or solopreneur to scaling your business with a lean team.

If the years have shown me one common denominator working with business owners who started as freelancers and solopreneurs is this — you start your business for more opportunities and freedom. And find yourself overwhelmed by the business you created. Welcome to what I call the messy middle of building your agency.

I work with service-based business owners who start their business with a skill they are really good at or knowledge they gained from experience. You might resonate with this if you started your business with a marketing skill set like copywriting, a creative skill set like graphic design or a consulting skillset that you earned through experience and education.

I'm a hybrid; I fall into two categories. Before I started my business almost 10 years ago, I did marketing communications for marketing agencies and grew into leadership with corporate experience and a Master's degree before I started my business of helping agencies scale, so I know what it's like to bootstrap a business with a skillset and grow it by being good at what I do.

You will hit the messy middle when you're really good. The first sign is that you hit capacity and can't take on any more clients without feeling stretched thin.

But you still want to grow. The challenge is that your business as it is right now is tapped out because you're tapped out.

I see this more often than not; it's not that you don't love the impact you make in the business anymore. But things you don't enjoy doing in your business drag down the rest of your energy.

The best way forward is to remove those things, but I see business owners create more busy work by focusing on the wrong things at this season of their business.

I call it the messy middle because you're not at the start where you're trying to figure out what sells. What you sell is validated. But you don't have the capacity to grow the business, and you are the bottleneck.

It's the messy middle because to get to the place in your business where you can step out of the day-to-day that you're in right now, you've got to shift *how* you are doing things.

But that shift can feel messy because you must trim and restructure things. You need to trim things that worked for you as a freelancer or solopreneur but now are brick walls. If you try to drag a brick wall, you're not going to get very far, and you're going to get tired very fast.

I get it. There can be emotions tied to trimming clients and service offerings that aren't the right fit for where you want to go. And even more different, releasing people in your business that are not the right fit anymore.

Of course, letting go of familiar things lead to uncertainty. That's the messy middle. And you are not alone.

When you let go of clients who are not the right fit anymore and when you decide to stop a service offering because it doesn't fit into the vision, it feels like you are going backwards, so instead, you try to hang on to those clients or that service offering while adding more to your plate. If you're anything like the business owners I work with, you have incredible bandwidth (even if you don't think so, you do), so you still want to take it all on at the same time — and all of the adding and not subtracting leaves you zero whitespace. At this stage of business, releasing

clients and releasing service offerings that are not aligned gives you back time to focus on making the business scaleable.

I want you to consider this as you go through the messy middle to grow your business. Consider that you're the arrow in the archer's bow. If you've done archery, you know that the arrow's power comes from pulling back so that when it's released from the bow, the arrow is flying forward with more ease and momentum. You are the arrow in the archer's bow.

When you trim clients and service offerings, you might see a temporary stall in revenue growth. But when it's strategic, and the stall is for a specific purpose like pruning a tree to bear more fruit, it's not a stall; it's an investment in building a business that can get you out of service delivery and get you back time.

If you want to grow a service-based business where you don't stay stuck in self-employment, you need to take off the freelancer or solopreneur hat and put on the agency owner hat; here are some of the habits to move away from to get you thinking with the agency owner hat.

I see this a lot, you have ad-hoc processes sprinkled into your business, but you don't have a system. A few processes for admin, a few processes for marketing, and random processes for client delivery don't make your business scaleable.

Knowing your system and how to structure a system into playbooks, in other words, organizational thinking, is how you get more time. If you're curious about how to structure your client delivery system, get my free blueprint at [audreyjoykwan/deliverysystemblueprint.com](https://audreyjoykwan.com/deliverysystemblueprint)

Now, are you still billing hourly? If yes, it's time to rethink it. Your clients need to understand the value your service brings and know that they are paying for results, not the hours.

Your value is communicated through a clear and well-written scope. A well-written scope communicates why they need to hire you and protects you from scope creep.

Okay, I hear what you're thinking. What if a client asks for my hourly?

I'm not against providing estimated hours in scopes because it can protect you from scope creep, but pricing is not based on the hours. In my consulting business, we do not do hourly. When asked for hourly, we estimate the hours per each stage, provide a total project fee, and clearly state that the estimation of hours offers context for the scope only and does not change the project-based fee.

Here's another challenge I see show up when you're in the messy middle. You have anchor clients in your business that have been with you the longest, and they treat you like an employee but also make up a significant chunk of your revenue.

As your business grows, you become more frustrated with the anchor client because they seem to demand a lot of your time, and you don't think they will be able to work with anyone else you bring into your team.

I'm all for trimming but not for the sake of being strategic. If this client is in the range of 50% or more of your revenue, before you trim, you need to look at your pipeline and diversify your client base to reduce the dependency.

If an anchor client is 40% or less of your revenue, before you call it cold turkey and trim the client, do the work of identifying a clear scope that you can continue to help them deliver. The scope needs to communicate the boundaries of how it will be delivered. For the things your business can no longer take on, share a plan to fill the gap; it could be you helping them source a part-time person while your business takes on the higher-level activities.

This action puts the control back in your court, minimizes the impact of revenue loss, and builds your relationship with the client because you showed up as a partner by problem-solving the gap while asking for what you want.

And before we wrap up, there's something else I've seen in the messy middle for service-based business owners—learning leadership.

Nobody is born a leader; leadership is a learned concept.

I moderated a panel this year during Vancouver Start Weekup. For context, I live in Vancouver, Canada. Our panel featured five entrepreneurs who bootstrapped their businesses and now have teams they lead.

Rather than ask what they learned from stepping into leadership, I wanted to know what they had to unlearn to become better leaders. Each spoke of habits they had at earlier stages of their business that they had to move past. Nobody is a perfect leader, don't let that stop you.

So here's the summary:

Are there difficult decisions to make in the messy middle? Absolutely. Are there strategic ways to make that decision? 100% And will you gain different skills to step back to do more of what you love? Yes, and yes.

There is a messy middle from being a freelancer or solopreneur to having a lean team and growing an agency. In fact, there are messy middles to growing all business models.

Don't stay stuck in the messy middle; on the other side is a business leveraged with strategic decisions, systems, processes and leadership.

You didn't build your business to let the messy middle stop you. In fact, the messy middle, if you think about it differently, is an achievement because not everyone gets here.

If you don't want to get stuck in the messy middle, I'm here for it; if you want to grow with a lean team and break that ceiling without wasting time, I'm here. And remember, just because you've proven that you can learn how to bootstrap and do things yourself does not mean that should be your go-to habit for figuring out your structure, processes and workflow. You know where to find me; click the link in the show notes.

Audrey Joy Kwan

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 and I'll see you in the next one.