

A long-exposure photograph of a highway at night, showing light trails from cars. The trails are primarily white and red, curving into the distance. The background is dark with some trees visible.

5 Tenets

of
**Accelerated Organic Growth
For Agencies**

Free Ebook

 **birdsnest**

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FOREWORD

There are three ways to grow a firm in this industry. You can find new clients off the street, growth through mergers and acquisitions, or by developing your current clients into more revenue - organic growth. The term organic growth has become quite popular in the past couple years in agencyland as clients demand more strategic relationships, which in turn creates the need for more focus on them. The competitive landscape has also grown exponentially as more and more niche players have come into play. This focus of proactively growing current clients is something I've been actively engaged in for several years. As the head of an agency that was well known for our success in this area, I've experienced firsthand what works and what doesn't. I've also worked with countless agency principles at some of the most successful and well-known shops in the world, analyzing their businesses and becoming intimately familiar with the processes and procedures around both client acquisition, organic growth and agency growth. There's one common denominator that separates the firms performing at peak levels from the rest - a dedicated commitment to organic growth by building strategic relationships with clients at a business level. When agencies can do this effectively, they open the door into more opportunities and agency growth becomes a factor of desire and execution they can control. I saw this for myself so many times that I co-founded a company called Birdsnest with the sole purpose of making it easier for every agency to create an organic growth machine powerful enough to fuel even the most ambitious of agency growth goals. It has been rewarding to say the least to watch agencies that use Birdsnest experience over a 30% increases in revenue and customer satisfaction. Organic growth is being a strategic business partner for your clients and that's not a trend, it's the new norm. I'm constantly talking with agency principals and management, and what I get asked the most is how to get started. What is the best organic growth approach? The solution is simple. Be a strategic business asset for your clients. Sell and deliver business strategy as a service and as part of every core deliverable. Whether you're a full-service agency, a specialized digital shop, a small independent firm or part of a holding company, selling strategy and developing strategic relationships as a means to organic growth is not an option - it's the emerging status quo.

— **Joe Olsen** Founder, Birdsnest
Industry pioneer & luminary

Intro

In this ebook, you'll find 5 core tenets to implement today to accelerate organic growth at your agency. All backed by data, proven success and currently in practice with many of your peers. Our goal is to demystify organic growth and help agencies realize that business strategy is something you're probably already doing but that you can harness for growth.

1

Significant Retainers Are A Dying Myth. Build Strategically-Driven Accounts that Produce Correlated & Consistent Projects.

Organic growth is a game of singles and doubles.

First things first. For the vast majority of the advertising and marketing industry, retainers do not contribute to the majority of agency revenue. The fact is most agencies are project-based businesses and that's not bad - so long as the projects are consistent and correlated. The 2017 State of the Services Economy Report¹ indicated that nearly 90% of respondents have a majority of project-based work (58%), or 50/50 project- and retainer-based work (27%). Eighty-nine percent of respondents also said they were either trending toward more project-based work (53%) or are doing the same amount of project-based work (36%). Interestingly enough, the bigger the company, the more quickly they were moving to project-based work.

Today, because of increasing demands from clients for agencies to be strategic and attuned to their strategic business goals, the opportunity to introduce predictability into the revenue mix is more realistic than ever. What is a

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retainer anyway other than a predictable, consistent, correlated stream of projects? Check your retainer agreement and chances are if you're not delivering, you're out. **Most modern retainers are not guaranteed revenue, they're a false security blanket.**

Today's top firms are leveraging the call to provide business strategy as a service to create relationships with their clients based on longer term goals. Here the agency can draw the roadmap of success, controlling not only the idea and the assembly line but the throttle, the supply chain and the factory as a whole - creating valuable long-term success for clients and the agency.

In order to achieve strategic success with clients and to implement an organic growth model that works, think of your team like the 2002 Oakland Athletics. Whereas traditional baseball team building was done by establishing a team of marquee players that had the capability to produce amazing performances, the A's implemented a new strategy for modern times. They analyzed the performance data of all the available players and put together a team that got on base consistently. In a game that relies upon runs, they created a formula that allowed them to compete predictably with the biggest teams in baseball utilizing less than a third of the budget. That formula led them to the playoffs in 2003 and 2004. The A's manager who invented the system became the most sought after manager in baseball and today, Moneyball², as it came to be known, is common practice throughout the sport.

The A's were able to do all this because they created a common vision of success in the organization and with their client, the team's ownership. It allowed them to move quickly and measure success throughout, making the appropriate changes and shifts as the campaign played out. In the end, they turned lots of tiny predictable wins into a world-class operation and one of the sport's biggest success stories ever.

Embrace a project-driven landscape and build relationships with clients based on business strategy to create a pipeline that is consistent, correlated and predictable. Accomplish this with a measurable definition of success for clients and a hyper-focused organization chipping away at that definition. It's a mindset shift that will make you and your clients more successful and greatly reduce the volatility and risk in your business.

¹ [2017 State of the Services Economy Report](#) - Published June 2016 - Gogaom/ResearchNow/Mavenlink

² [Moneyball](#) - Wikipedia

2

Your Client Team Is Your Inside Sales Team — Treat Them That Way.

Your Client team is your inside sales team - treat them that way. Incentivize your client-facing team, hold them accountable and give them a consistent platform to grow accounts.

How many times have you heard that client development is just an expectation of your Account team? Probably a lot. While it likely is an expectation and you may have consequences in place for not delivering, relationship development is subjective - unless there are figures associated. People motivated by incentives are more likely aligned to growth than those who are not. Incentive compensation is more about drive and aligned interest than any other consideration. If you want to grow your current clients, then your Client team - the ones responsible for growth and with the most capability of developing clients through relationships and day-to-day management - should be driven and incentivized to do so at every touchpoint.

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Think about growth like an hourglass. Measuring account growth is velocity - how much and how fast. Here's a quick set of steps for agency leadership to figure out how to incentivize their team:

1. Every firm needs a growth target - at a minimum, annually. That target should be in the form of revenue. Money pays the bills. Consider all your goals for the year and pick something attainable. Make sure you've included a healthy margin. Pocket money buys a lot of freedom and flexibility in this business.
2. Break the target up into new clients and organic growth. When configuring the break out, you'll also need to weigh any other strategic goals (i.e. new types of services you want a shot at, client industries, etc.). Consider the industry-wide fact that more than 70% of most agency revenue comes from current clients. Really think about how much easier organic growth is, and all the opportunities it presents you. How much pressure you could take off your New Business team and how many more resources, per opportunity, they'd have with a reduced load, too. Anyway, get a figure for new clients and organic growth.
3. Check your work: take the figure for current accounts and look at each account. Maybe you lump the accounts together into themes to make it easier (i.e. by service, size or industry). Then calculate the growth potential you want to achieve and each as a percentage of the whole and how feasible that looks. If it checks out, you're ready to think about comp.
4. Pick a pool figure. This will come straight off the top (excluding pass-through dollars), so it needs to be something that is consistent - something you'll come to live with. Try picking a percentage of sales and then simply increase rates the same percentage to compensate.
5. Alter the compensation plan, there are many ways to break down incentive plans and the complexity can get out of control fast. Instead, keep it simple. Make sure you balance out risk and reward. For instance, if an Account person is currently making \$50k, use the 80/20 rule and move the base to \$40k and the incentive to \$10k. This is always tricky. Make sure you clearly explain the benefits to them and the agency and the opportunity created for them to make more money.

6. Now set some goals so they're aligned with expectations. Take your organic growth goal and divide it across the team so you have an annual organic revenue goal for each person.
7. Ensure the goal and the new comp model create the opportunity for going above and beyond, but are not insurmountable. A wise person once said hungry dogs eat and starving dogs die. At the end of the day, you want to make sure goals are achievable and the rewards are worth it for you and your team

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Start Thinking & Talking Like A Business Consultant Right Away.

Ditch the creative pitch for a conversation about your client's goals and objectives. Talk about your firm's ability to provide ROI in similar situations. It's easier to be strategic and create more opportunities for organic growth when the client sees you as a valued long-term asset to their success. It's easier to do this at the outset of a client engagement than two projects down the road when they think you're their niche commoditized service firm. Thinking like a consultant means asking the right questions. You don't need to be Deloitte. Many times clients are at a level 1 or 2 out of 10 when it comes to strategic thinking and planning, and are often times too stuck in the weeds. Simply having a conversation about goals, challenges, risks and opportunities will create the opportunity to have more impact with winning the business and will increase the likelihood of a successful client relationship. Here's 5 recommended starter questions when working with clients:

1. "In your role, what is your top level goal over the next 12 months and how does it relate to the discussion today?" - This creates an opportunity to understand their business goal(s), set the scope of time for achieving success and to provide you a segue from today's discussion into a larger conversation.

2. “In your opinion, what are your biggest challenges to achieving success as we’ve just defined it?” - Creates the opportunity for you to talk about challenges, get a sense of priority and to subtly shift from vendor to partner and to refer to a working relationship that’s already started.
3. “Say we can overcome the challenges and achieve the goal, what’s the opportunity? What’s the world look like when we win?” - Allows you to acknowledge the challenges and restate the goal and then provides the client with the opportunity you’re about to sell them - the world they want to create.
4. “What happens if we don’t achieve success?” - Gives you some insight into the stakes for the client, both professionally and personally. It’s important to remember business relationships are called relationships for a reason - they are between two people.
5. “How do you know when something or someone is going to be successful?” - Gives you insight into the evaluation criteria for a successful relationship. Ask for examples of partnerships that the client has been happy with and those that have led to struggles. Add your own anecdotes about current clients and talk about mutual alignment and prioritization of success that endures.

After asking these five questions, you’ll have collected the basic information you need to diagnose the opportunity and have a strategic foothold with the client from which to continue the conversation in whatever way makes sense.

NOTE: You’ll notice there’s no mention of resources or budget. The fastest way to kill strategic opportunities is to ask about money. Not only is money irrelevant at this time because you’ve been unable to establish the relative value of the opportunity yet, but you risk deflating the energy of your client, your team and the opportunity as a whole before you even get started. Many, many agencies have lost or turned down big business because of this mistake. Money is always the last thing you should talk about.

Your goal here is to receive client commitment to a strategic goal. To get the client to recognize your team as a strategic asset. And to arm yourself with lots of information to build a compelling measurement of success and a plan to get there.

4

Prioritize Results Over Activity.

Today's client is demanding more data, replacing gut feel with measured success. And you should too.

In today's world, there is nothing we can't measure. The majority of technologists have known that for several years, but the consumerization of data has brought the growing demand and expectation to everyone. As your clients naturally demand more and more data within their decision-making processes, the need to deliver compelling, informed and strategic insights - beyond just consumer behaviors - is quickly becoming the rule rather than the expectation. Additionally, as we sit in an increasingly competitive ecosystem, unlike anything we've seen before, the need for data behind the integrity of our processes is just as important.

To that point, a recent Forbes article, *How Agencies Are Putting Themselves Out Of Business And What We Should Do About It*,³ by Keenan Beasley points out, "For far too long, ad agencies have avoided the analytics business.

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Instead, they're interested in creativity and enamored with winning awards." Michael Farmer, CEO of Farmer & Company and 25-year veteran advertising consultant explains that "agencies continue to cling to the notion that clients want creativity and service, but what [clients] really want is shareholder value. Agency executives have been completely deaf to the economics."

When thinking specifically about organic growth, you need to be creating data behind everything you do, including the measurement of all activities within the account and laddering them back up to business goals and objectives - whether they be quantitative or qualitative in nature. This is the data that provides you the ability to have informed conversations with the client about what to do next, why you want to do something and what's working and what's not. It's the data that shows the long-standing value of the relationship between agency and client. It's what saves accounts from dying when your account lead changes, and it's the data that keeps the account with the firm when the client lead changes and wants to know what you've been up to.

Relationship development data is critical to demonstrate your agency's value is not just in executing client projects, but in growing their business. It's the data that provides ongoing analysis for new opportunities and gives your team the information they need to successfully grow clients.

Once you have a platform and a workflow for creating, analyzing and reporting on strategic success, then you'll be well positioned to sell these results to new clients as well.

³ [How Agencies Are Putting Themselves Out Of Business And What We Should Do About It](#) - January 31, 2016 - Forbes

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Act Now. Use Your Existing Resources And Maintain What Makes You Different.

With some consistency in process and workflow, your existing team can be strategic and demonstrate consistent ROI to the client - without compromising the ethos that makes your firm unique.

Regardless of how agencies go to market, the reality is it's always some combination of varied scalability, size, offerings, culture, people, location, price, demonstrated ability and brand value. The way you look at the world, your vision or your lens is what seemingly makes you agency better than others, but that's all in the eyes of the beholder - your clients. Selling and delivering strategic services is no different.

In regards to delivering strategy, it's about process and consistency in how you communicate and demonstrate client success - both within your firm and to clients themselves. This is a system with processes and rules. It's something that can be implemented within the existing infrastructure. Doing so allows

you to maintain your ethos, while adding this layer of sophistication and integrity that today's clients are demanding.

So don't wait - whether you have a formalized infrastructure of account or client services personnel, you're using project managers as client-facing relationship managers or perhaps, you're the principle and doing all this yourself, get to work. Get a system in place for talking to clients about goals, associating work to measurable outcomes and start having strategic conversations about what goals they want to prioritize, by when and what kind of resources they have to get there.

To help ensure your success, here's a simple system for selling strategy too. Use this as a basis and elaborate as necessary:

1. When you engage clients, engage them strategically. See the "Start thinking and talking like a business consultant right away." section above.
2. Instead of proposing a solution, propose a vision for success and a process to get there. Don't be a commodity, make your agency a strategic resource. Remember, commodities are thrown away when something cheaper or better comes along.
3. Your process should include some form of:
 - a. Discovery/Planning - Uncovering clear black and white measureable business and relationship goals. Just ask your client questions and you'll get their vision of success. You don't have to create - you need to consult.
 - b. Ideation - What can be done to make this vision of success, all these measurements come true? What tactics? What work needs to be done? Include new processes and resources. Ideate with your client (helps with buy-in). Get outside your agency and utilize all your experience. You never know what you'll find that will be the next big opportunity for you or maybe even a new offering for the firm.
 - c. Clear alignment and accountability - Ensure every measure of success is tied to the tactics to get there. This is the backbone for strategic conversation. This allows you to have the right conversations at the right time and to quickly implement tactics to

win. Your team and clients are happier with it, and your efficiency and effectiveness will go through the roof.

d. Consistent communication and demonstration of ROI
- Ensure there is a platform in place to consistently facilitate, drive and deliver the data necessary to demonstrate why you are a business asset and to create the opportunity for your team to consistently drive new opportunity with your high performing accounts.annual organic revenue goal for each person.

You can find more information and a free, simple methodology for implementing a strategic client development process, including video tutorials online at [**Birdsnest University**](#).

References

[2017 State of the Services Economy Report](#) - Published June 2016 - Gogaom/ResearchNow/Mavenlink

[Moneyball](#) - Wikipedia

[How Agencies Are Putting Themselves Out Of Business And What We Should Do About It](#) - January 31, 2016 - Forbes

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