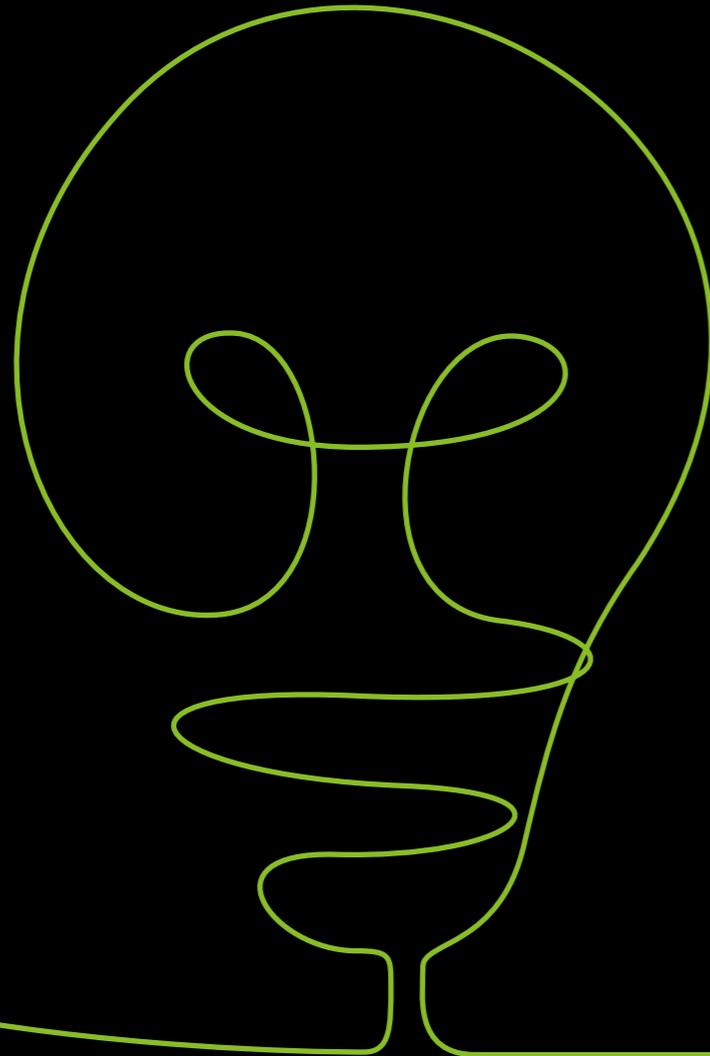


THE AGENCY WORKS



AGENCY
FOOD



WHY DID YOU DO IT?

Your inspiration behind setting up an agency

QUARTER 4 2016

WELCOME TO AGENCY FOOD



To mark the close of 2016, we thought it would be a good idea to take a closer look at agencies across the UK to understand where you've come from and where you're headed.

Everyone has different reasons for deciding to take the plunge and set up their own agency. We all have different goals, motivations and aspirations when it comes to our work lives.

In this issue of Agency Food, we look at what makes agency heads tick. We ask why you set up in business in the first place, what your agency ambitions are and your hopes and dreams for the future.

Looking at the overall picture, what stands out in our findings is that despite a rather uncertain year, particularly in the brave new world that is post-Brexit Britain, there is a significant amount of optimism in the air. Nearly three quarters (**74%**) of agencies report an improving outlook over the next quarter (compared to last quarter) with only **5%** reporting a decrease in business performance.

74%
of agencies report
an improving outlook
over the next quarter

I've said it before and I'll say it again – a very big 'thank you' to everyone who took part in our survey. Your opinions, thoughts and ideas are hugely valuable in providing us with a detailed snapshot of agency life and a useful business barometer for the creative sector. We couldn't do it without you! As always, you can find our survey questions towards the end of this report.

At The Agency Works, we are passionate about supporting more than 450 agencies in all creative sector disciplines – from digital and social to design, PR and integrated marketing. If you have any further thoughts or opinions, then please get in touch, we'd love to hear from you!

Jay Neale, co-founder
The Agency Works



WE SPOKE TO...



REGIONS

- Scotland **3%**
- North West **10%**
- North East **0%**
- Yorkshire **5%**
- West Midlands **7%**
- East Midlands **7%**
- Eastern **3%**
- Wales **2%**
- South West **14%**
- South East **17%**
- London **22%**
- Thames Valley **10%**



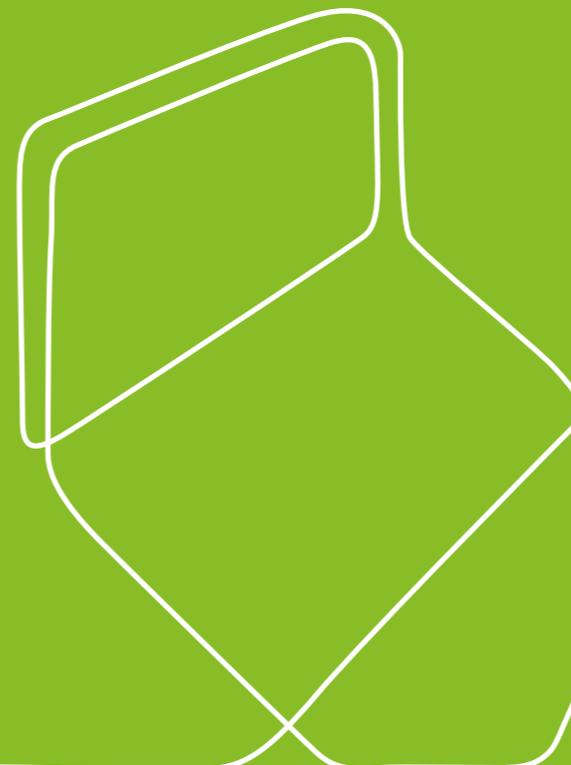
EMPLOYEES

- 0-5 **7%**
- 5-15 **35%**
- 15-30 **29%**
- 30-50 **22%**
- 50+ **7%**



DISCIPLINES

- Advertising/full service **14%**
- Design/Creative Agency **31%**
- Digital Agency **25%**
- Marketing/Comms Agency **22%**
- PR **8%**



ANNUAL TURNOVER

- £250K-£749K **25%**
- £750K-£1m **14%**
- £1m-£2m **24%**
- £2m-£4m **22%**
- £4m-£5m **10%**
- £5m+ **5%**



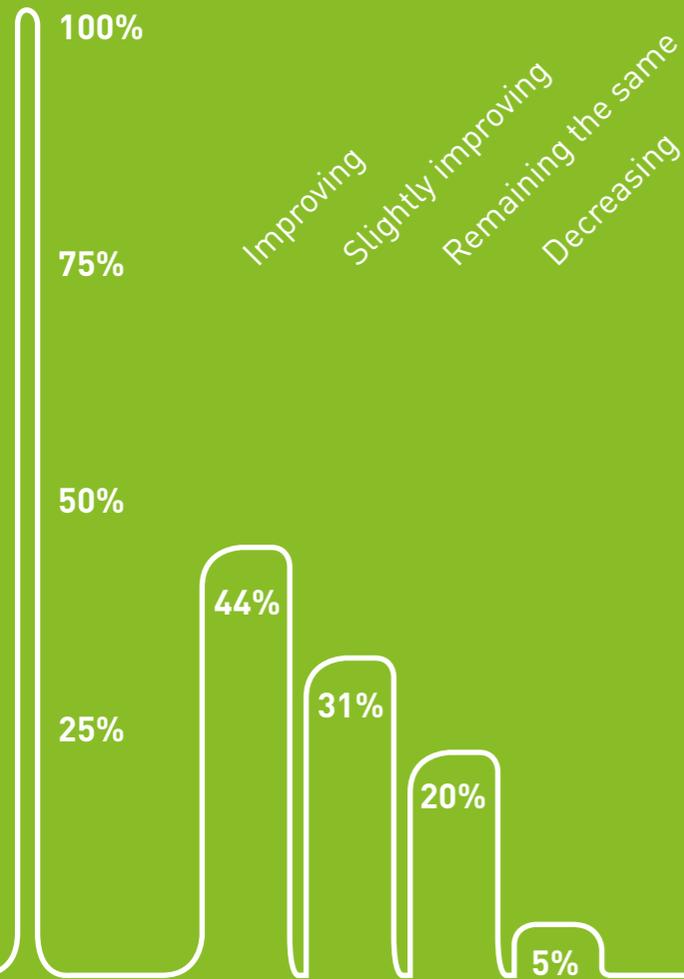
SOURCE OF REVENUE

- B2B clients **64%**
- Consumer clients **36%**



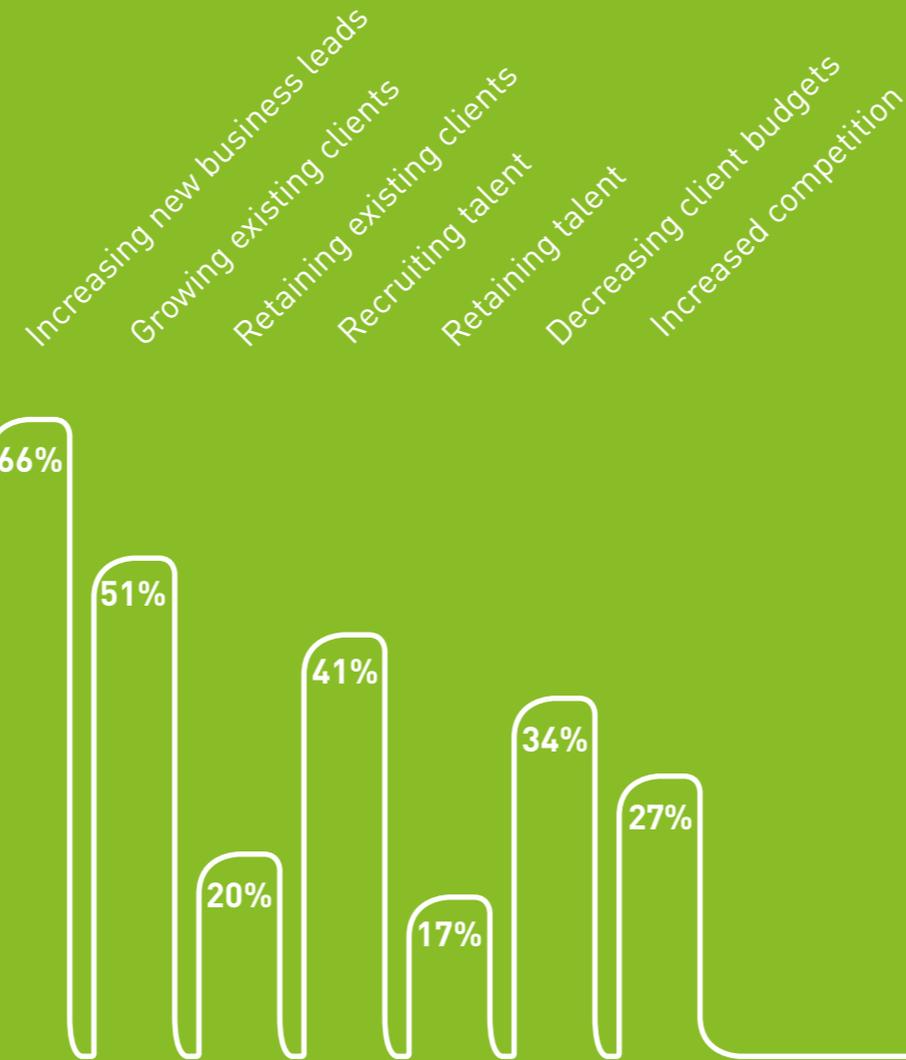
OUTLOOK?

What is the general outlook of your agency's performance over the next quarter?



CHALLENGES?

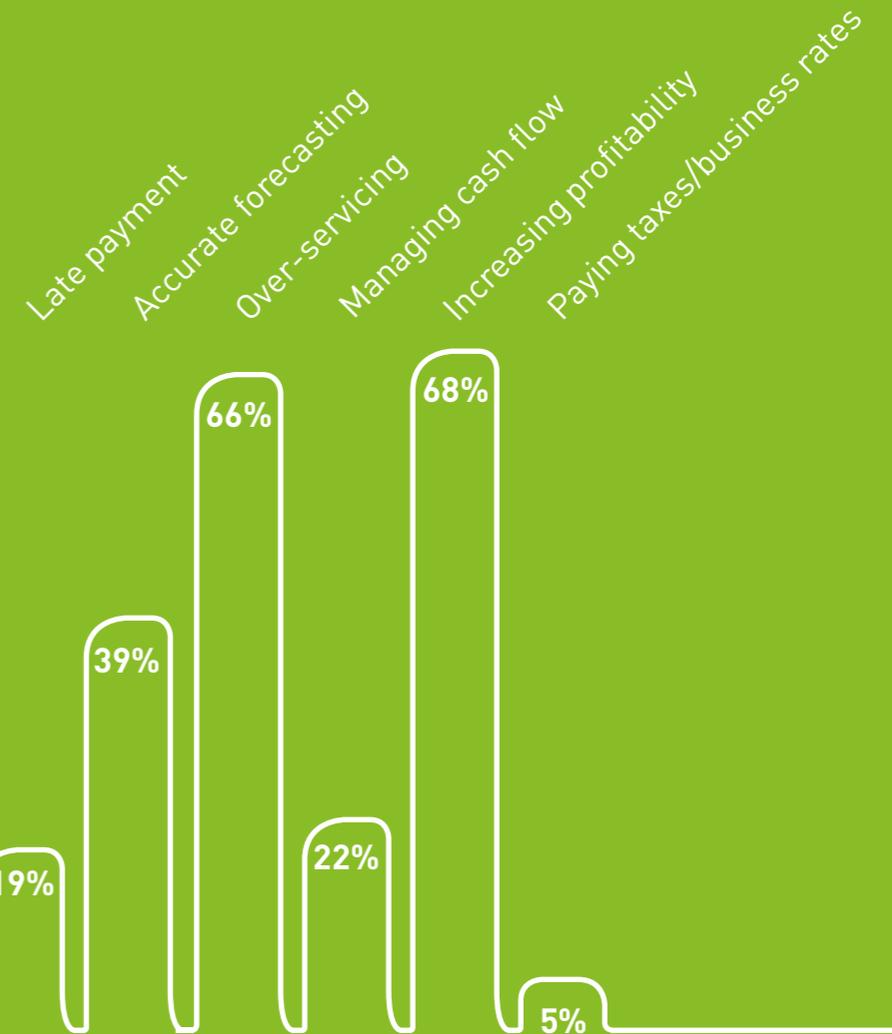
Which of these is a key challenge for your agency at present?



THE FINANCES?



What are the biggest financial challenges you face in running your business?



FOCUS ON... INSPIRATIONS BEHIND SETTING UP AN AGENCY



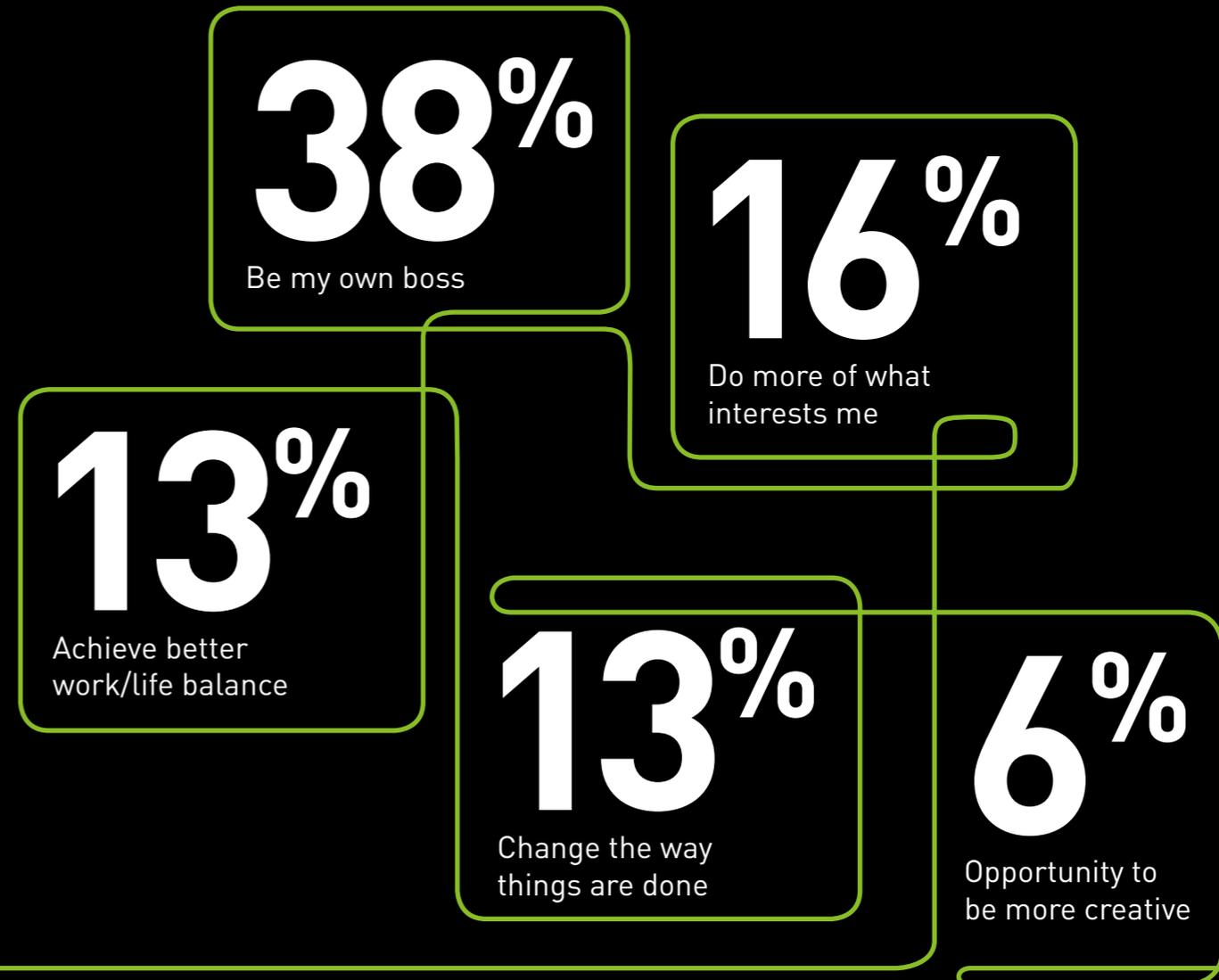
Setting up your own agency may sound glamorous to some but we all know exactly how much hard graft is involved to make it a success. But what in the first instance inspires us to set up in business?

Unsurprisingly, most agency heads took the plunge because they wanted to be their own boss (38%). When the buck stops with you, it gives you the motivation and the freedom to do things the way you want to do them.

In second place was 'to do more of what interests me' with 16% of respondents. Again, this taps into being in charge of your own destiny and the joy of being able to pick and choose new clients or areas you want to focus on.

Perhaps more surprisingly, 'achieving a better work/life balance' came in at third place with just 13% of agency heads saying it was their main inspiration for going it alone. Clearly, our respondents went into agency ownership with their eyes open, knowing full well the significant commitment of time and energy required to be successful.

WHAT INSPIRED YOU TO SET UP IN BUSINESS?



JAY SAYS:



“The vast majority of our respondents (**67%**) head up relatively long-established agencies of 10 years and over. Only 6% have been running their own agency for two years or less. This suggests there’s plenty of water under the bridge in terms of experience and knowledge gained over the years, but our respondents haven’t forgotten what it was like to escape from the confines of corporate or big agency life and stand on their own two feet. That spirit of entrepreneurship prevails.”

67%

of respondents have led their agencies for 10 years or more

For me, setting up an agency was about being able to do things the way I think they should be done. I’d previously been in senior positions in larger agencies, as had my business partner. This left us with a strong core of experience but also an inevitable frustration that we could do so much better work if only we had the power to do so. Now, we’ll live and die by those convictions.

**Jason Ball – Chief Content Officer,
Considered Content**

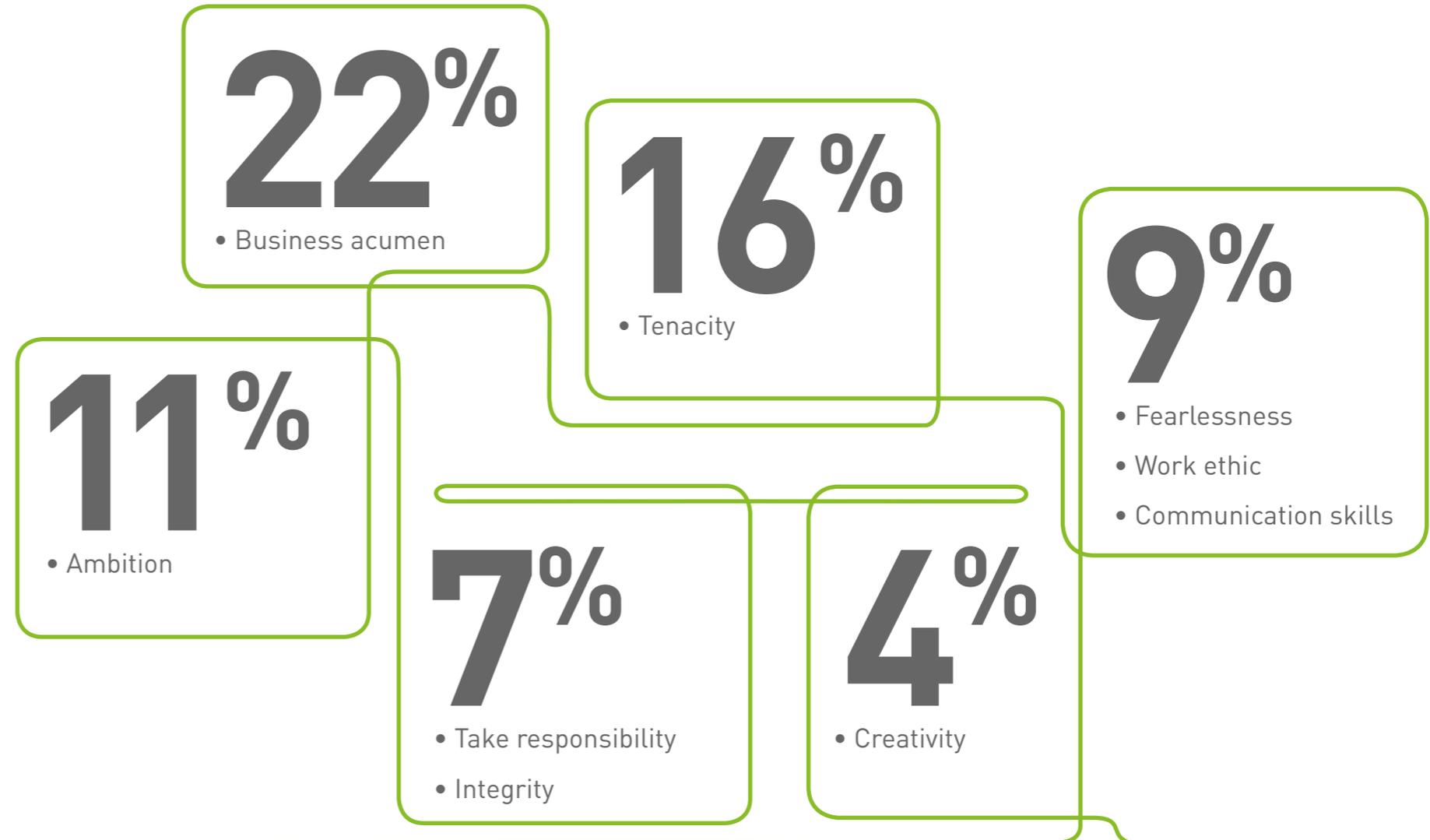
FOCUS ON... QUALITIES FOR SUCCESS



Of course, there's no 'one size fits all' theory for successful agency leadership, but our respondents agree there are some important qualities an agency head needs if they are to get ahead.

Business acumen was the clear winner as the most important quality with nearly a quarter of respondents (**22%**). Tenacity was the second most important quality according to **16%**, with ambition in third place getting **11%** of the vote. Just **4%** felt that creativity was an important quality.

WHAT IS THE MOST IMPORTANT QUALITY A SUCCESSFUL AGENCY HEAD NEEDS?



JAY SAYS:



“Business acumen, commercial knowhow, call it what you like, but most of us are in business to make money and a successful agency head needs to base all their decisions on what has the potential to drive income and grow profits. Tenacity and ambition by the bucket load are also key qualities if your agency is going to succeed and thrive. But in an industry based on creativity, where campaigns fly or fall on the strength of their creativity, it’s surprising that so few agency heads recognise it as an important quality in themselves. Could it be that they see their own creativity as a given? Or is it just that in a highly competitive environment, the bottom line has to take precedence and driving innovative ideas and concepts left to the ‘creatives’?”

Growing an agency is fun but it’s not easy and there are many qualities that are often attributed to success. In my opinion, there are six key skills that every agency leader needs. Vision; creativity; an unwavering focus on client happiness; the ability to spot and nurture talent; commercial common sense; and luck. The last one may seem a bit unfair, but I have always found this plays a part. If I were to slightly adapt the old saying, I do believe the harder you work, and the more people you meet, the luckier you get. You definitely make your own luck, but more importantly it’s what you do with those opportunities that makes the difference.

**Iain Lewis – Founder & MD
Torpedo**

FOCUS ON... HOPES AND DREAMS FOR THE FUTURE



It's important to have ambitions for your business. It's what drives us to be successful, propelling us forwards regardless of what barriers or challenges are put in front of us. We asked 'what is your ultimate ambition for your business?'

The top three responses were:

- To deliver outstanding client service every time **(35%)**
- To be the best agency **(29%)**
- To make huge profits **(13%)**

According to our survey, client satisfaction is far more important than monetary gain. Perhaps if you delight and enthrall your clients, exceeding their expectations at every possible opportunity, the financial rewards and industry accolades will follow anyway?

When we asked agency heads what they'd do if they were given a significant, life-changing sum of money to spend on their business, nearly a quarter **(24%)** said they would launch a brand new service or a complimentary product, while 18% would get on the acquisition trail and snap up the competition. A further **15%** would poach the very best creative talent for their agency. It would seem that agency heads appreciate creativity in others even if they don't see it as an important quality for themselves as a leader!

IF YOU WERE GIVEN A SIGNIFICANT, LIFE-CHANGING SUM OF MONEY TO SPEND ON YOUR BUSINESS, WHAT WOULD YOU DO?

24%

- Launch a brand new service or a complimentary product

18%

- Get on the acquisition trail and snap up their competition

15%

- Poach the very best creative talent

9%

- Invest in more advertising/marketing/PR
- Provide the best staff training and development

5%

- Diversify into new industry sectors

2%

- Invest in better technological infrastructure
- Fire all our tricky/difficult clients
- Pay off business debts

JAY SAYS:



“We work in a highly competitive industry where there is no room for complacency. Get things wrong and the chances are there will be several other agencies beating a path to your client’s door. Our survey reveals that agency heads are an ambitious lot – always striving to improve their client offering and working hard to be the best, with new services and products where possible. And if that doesn’t work, in an ideal world they’d buy out the competition!”

For us, the ultimate ambition is about changing the way clients approach content marketing. We don’t buy into a lot of the rubbish that’s all over the blogs – it’s too much content, too little marketing. We want to reframe the conversation to show a direct line between content marketing and significant revenue gain. In the end, we’ll deliver outstanding client service by delivering outstanding results.

**Jason Ball – Chief Content Officer,
Considered Content**

WHAT WE ASKED...



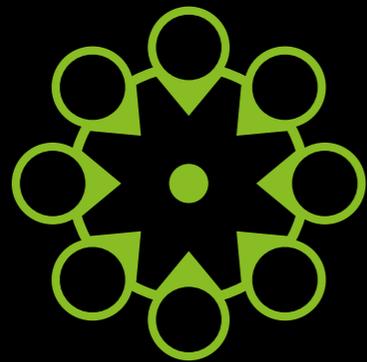
- Where is the majority of your revenue from?
- How many employees work at your company?
- In which region of the UK is your company based?
- What is your agency's discipline?
- What is your business' annual turnover?
- What is the general outlook of your agency's performance over the next quarter?
- Which of these is a key challenge for your agency at present?
- What are the biggest financial challenges you face in running your business?
- What inspired you to set up in business?
- How long have you been running your own agency?
- What is your ultimate ambition for your business?
- What is the most important quality a successful agency head needs?
- If you were given a significant, life-changing sum of money to spend on your business, what would you do?



ABOUT THE AGENCY WORKS

The Agency Works helps agency owners, MDs and senior teams with the financial and operational aspects of running their businesses offering both strategic counsel and workable solutions, depending on their needs. The insight that we have gained over the past 10 years means that we're ideally placed to understand the challenges agencies face when looking to launch, build and grow a sustainable, profitable business.

We hope you've found our Agency Food Barometer an effective way to share collective experiences, trends and feedback. And, will be interested in taking part next time.



THE AGENCY WORKS



AGENCY
FOOD

QUARTER 4 2016

IF YOU'D LIKE TO SPEAK TO US:

For further information on how The Agency Works can make an impact on your business please call Jay Neale on **01455 553 246**.

theagencyworks.co.uk

-  [Linkedin.com/company/the-agency-works](https://www.linkedin.com/company/the-agency-works)
-  Join the Agency Food group on LinkedIn
-  [Facebook.com/TheAgencyWorks](https://www.facebook.com/TheAgencyWorks)
-  [Twitter.com/theagencyworks](https://twitter.com/theagencyworks)
-  hello@theagencyworks.co.uk
-  The Agency Works, The Cottage, 37a Station Road, Lutterworth, Leicestershire LE17 4AP
-  01455 553 246