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Money, talent and growth – the worries of the agency leader



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Leadership of independent agencies means worrying exhaustively about money, growth and talent, according to a report by Louisa Pau, founder of consultancy Otherboard. Under time pressure, they often neglect their own needs and development.

The stresses and strains of running an owner-managed agency can be eased by impartial advice from an objective outsider, according to Louisa Pau, author of the first-ever research into leadership issues faced by senior managers of independent marketing communications agencies.

Otherboard conducted a series of in-depth interviews with leaders of a variety of agencies, including digital, integrated, social, creative and sales promotion.

“If you’re growing, you’ve got to find the talent, but then the salary bill suddenly looks scary,” says the owner-manager of a social specialist, “and managing the cash-flow can keep you awake at night.”

Otherboard found that although agency leaders have the same challenges – financial management, finding and retaining talent, and devising and implementing a growth strategy – many of the pressures can be eased by outside support.

“Without that, they can feel as though they’re floundering and making it up as they go along. They can feel lonely and isolated. With it, they feel the sky is the limit,” says Pau, who co-founded and ran her own agency for 16 years.

“For this group, even just talking about it helps. But they rarely have the time to invest in their own development or look after their own needs.

“One said to me that she was so busy she often forgot to ask for help. That’s indicative of the pressure.

“Nonetheless, they derive enormous satisfaction from the autonomy they have in running their own businesses, in the ability to be entrepreneurial, and in finding and developing talent,” she adds.

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According to Otherboard, a consultancy providing help and advice to senior managers in marketing communications agencies, the issues that keep them awake are:

- Managing the finances, and instilling a sense of financial and commercial responsibility into staff.
- Management training and development. They spend money on training their staff but leave no budget or time for their own.
- Recruiting and retaining talent, and managing the staff. It's common for agency leaders to spend between half and two thirds of their time on staff issues. They struggle to find the right balance between creating a friendly, vibrant atmosphere and the ability to make tough, objective decisions.
- Developing a growth strategy that allows the agency to retain its positioning and culture, without being weighed down by bureaucracy and process.

Lesson: Find the time to think off brief.

- Loneliness, and a lack of support and objective advice. Solutions range from peer group networking to trusted friends and advisors, often outside the business.

FINANCE

The number one issue for owner-managers is finance. There's nothing like running your own business to concentrate the mind on finance, and agency owner-managers are acutely aware of how the sudden loss of income – particularly when their overheads are fixed and margins are tight – can hurt their business.

Equally, growth can impose financial pressures. Taking on extra staff means extra cost, often even before the work is completed and paid for.

“I know exactly what our running costs are,” says one managing director, “and you have to keep a very close eye on that. Clients can just change their minds about money, and there are times when it can trip you up. You don't learn about that in a big agency.”

Sound financial management is clearly a requisite for success, but even the presence of experienced finance directors or financial controllers doesn't absolve owner-managers from responsibility, worry or the need to take tough action. “I try to instil a sense of commercialism in the staff, but at the end of the day the responsibility is mine,” says another agency leader.

Owner-managers therefore tend to be heavily involved with finance, with one saying he spends up to 20 percent of his time on fee proposals or negotiations.

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During the downturn, says another, he and his partner cut their salaries by a third, and those of the staff by 15 percent in order to retain staff. “I could see our people fearful of losing their jobs, and that was painful. But we only lost one person through that time.”

Lesson: Getting strong support in this area is critical, but owner-managers cannot afford to take their eye off the ball.

RECRUITING AND MANAGING TALENT

If one thing unites agency managers, it's the double-sided coin of dealing with staff: on the downside, there's the stress of finding and managing talent; and on the upside, the pleasure they take in seeing their staff develop and succeed.

“I am constantly stressed by dealing with staff issues,” says one. “Are they happy? If they leave, is it something to do with me? Have we got the right mix? How do I move people around and get them into the right roles? What do I do with people who are damaging the agency or the culture?”

That is balanced, however, by the views of another manager: “I've got bright, ambitious, lively people. I give them a chance and they fulfil my hopes: that's wonderful,” she says.

Independent agencies have a major card to play, believes one manager: recruiting from the big groups, where mid- to senior-level staff are increasingly dissatisfied.

Nevertheless, there is a general consensus that staff is a major issue for all agencies: to succeed, they need to win the war for talent, and the pressures are especially sharp for agencies in a growth phase. “It's so hard, and so important,” says one leader, who says his agency interviewed no less than 700 candidates over a six-month period last year.

As a result, agency leaders spend significant amounts of their limited time on staff issues. According to one, it's up to 60 percent, while others commonly devote 20-30 percent of their time. “I'm the cheerleader,” says one.

However, agency leaders caution, getting too close to the staff can obscure objectivity, and blur the line between friendship and leadership.

Lesson: Successful leaders focus closely on their staff. But be wary of getting too close to them, and remember there's no such job title as 'Chief Best Mate'.

TRAINING AND DEVELOPMENT

It is a truism that an agency's people are not only its best assets, but also the source and definition of its culture. Growth puts staff and culture under strain as they deal with extra pressure and need to acquire new skills and understand new disciplines.

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Investing in staff training is therefore a priority, and agencies generally make money and time available, with budgets ranging from £500-£1,000 per head, as a percentage of turnover, lump sums, and sometimes with internal training thrown in on top.

But owner-managers often neglect their own training and development. “We spend nothing on the management team,” confesses one. “We provide all staff with training, except for my partner (and co-owner) and me,” says another.

Lesson: Agency leaders shouldn't get their education from the 'University of Whoops', thinking it's ok learn as they go along, one mistake at a time. Invest in training and development for top-level staff too.

BARRIERS TO GROWTH

All the agencies interviewed by Otherboard were focused on growth, whether organically, by expansion into new areas, geographic, or positioning the agency for a sale. But leaders worried about how to retain their positioning, or hone a new positioning that isn't generic, and how to maintain their culture.

A key part is the establishment of processes and uniformity – “I need all units to report the same way”, says one manager – including HR and finance.

But the recruitment of more senior people, as well as the establishment of a second-tier of management, is also regarded as essential – if difficult.

“As we grow, we're putting processes in place. But implementing this infrastructure is complex, and I don't want to spend too much time thinking about it,” says one leader. “It's a constant work in progress, and I think we should just get on with it, and change it later if it doesn't work.”

However, one of the biggest issues is time. Managers are often too busy running the day-to-day aspects of their business to focus seriously on growth and wider strategic issues. “I simply don't have the bandwidth,” says one.

Others are keen to shed some of their operational roles to, as one puts it, “look outwards and look upwards.”

And one believes it's only her own fault if the agency fails to grow: “It's our own fault if we make poor decisions or are lazy. We're the only barrier to growth.”

Lesson: Find the time to do less day-to-day and more strategic thinking about growth opportunities. An outsider's perspective can be helpful.

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ISOLATION/OUTSIDE SUPPORT

Agency owner-managers often feel isolated and lonely, with some saying that they are so focussed on their agency that it can affect their personal and social lives.

While many have run P&Ls and teams in larger agencies before setting up on their own, they say there is no comparison between that and the ultimate sense of responsibility they feel as a managing director or owner-manager.

This feeling of isolation can be both internal and external. Internally, they can feel they don’t get the whole truth from their staff, further increasing their sense of isolation. “I feel I’m being told what the staff think I want to hear, rather than the truth,” says one. “I go to lunch with the staff, I think I know them well, but I know they won’t tell me everything.”

In the wider world, agency leaders acknowledge they need outside support, and use a mix of solutions ranging from informal peer networking to more formalised outside advice and coaches.

The key is finding outsiders who understand the issues. “You separate yourself from people who don’t understand what it’s like to run your own business,” says one agency leader. “Advisers should be sensible grown-ups.”

But it isn’t easy to find the right match. One relies on an angel investor in his agency – “he’s an emotional support when we are going through sticky patches,” he says. Another uses a friend – CEO of a charity – as a sounding-board and someone to have ‘safe’ conversations with.

Use of coaches is common, but mainly to develop key staff and other senior managers rather than for themselves.

“I sometimes forget to ask for help,” confesses one manager.

Says another: “I could benefit from some expert advice. I feel like I’m making it up as I go along.”

Lesson: You can’t be your own sounding board. A pair of ‘safe’ ears is essential. Look around for someone to advise and offer perspective.

ENDS

About Louisa Pau and Otherboard: Louisa Pau has 25 years’ experience working in agencies. An entrepreneur, she co-founded the healthcare agency Woolley Pau in 1993, which she and her partner ran for 16 years until they sold it to Gyro. She continued at Woolley Pau as chairman until 2012. In 2013 she founded Otherboard as a consultancy providing advice on strategy and leadership to independent, growth-oriented agencies. She is a Fellow of the Institute of Practitioners in Advertising.