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EVOLVING THE  
**AGENCY FORMULA**

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# INTRODUCTION

The deadline-driven, super creative, constantly changing, and ultra-busy work environment of marketing agencies is total chaos. It is impossible to get all the work done, grow our teams, sell new business, and constantly innovate all at the same time. We are overwhelmed and confused. We need to focus on key aspects of our business and collectively work to evolve. That's precisely what this book tries to do.

**Our market has evolved.** Our customer has evolved. Our technology has evolved. Why are we still trying to use an antiquated agency framework? Is it what we default to because we don't know anything better? Is it because it's the only way that makes sense to us? Is it because we feel the old way is easier and less complex than change? None of these are true. We constantly challenge our clients and customers to evolve. We too must evolve to be relevant and profitable.

**Our market has evolved. Our customer has evolved. Our technology has evolved. Why are we still trying to use an antiquated agency framework?**

After 15 years working for and evolving various marketing agencies I have come to the following conclusion: **we are all crazy**. We are still doing the same thing and expecting better results. We are still using waterfall methodology for our process. We are still structured into client services, design, development, and sometimes project

management teams. We still design solutions around ideas we simply promote as market insights. We are still trying to make most of our money through margins on professional fees. We are still trying to find balance between the work we love to do and the work that pays bills. If this is truly the best way, then why does it feel so hard, so chaotic, and so soul draining?

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This book focused on what is at the heart of every marketing agency. I am not trying to underestimate the complexity of an agency ecosystem. I'm simply trying to examine the fundamental basics which we absolutely have to evolve.

I use the image of an x-rayed flower throughout the book to remind us that marketing agencies require both creative and business people. Its success will always involve a balance of creativity and profit. We need to x-ray the flower we call creativity to understand how to make it profitable, without damaging its very nature or beauty. But **are we missing something else** in this equation?

# WHAT'S DIFFERENT?

Compare the agency world today to 20 or 30 years ago. The golden age of advertising was erected built on effecting customer purchase through TV and print advertising. The formula for success was clearly defined. Today, we all know digital marketing changed the game; but some of us are still confused as to how, partly because it continues to change. We cannot wait or expect that marketing will land on some new product formula (e.g. SEO or social media), which we can all adopt and then make a lot of money. The problem is that **digital marketing will continue evolving and disrupting itself** at a rate far greater than we previously imagined. We have to keep changing to keep up.

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## The market is different

Who you know is a lot less important than what you know. Businesses still need trust and strong relationships, but more and more clients are acquired through something you know (niche skill) or something you did (ground-breaking project). We no longer compete on local scale. The world is so connected, we often compete on a national or even international scale.

## We are different

Our generation is culturally different and far more diverse due to instant access to information, global markets, and cultural shifts. Our motivations are more immediate and fragmented. Our personal and professional goals are different and change over our lifetime. We don't seek to fulfill the "American dream" (working 9-5 jobs, nice home, 2 kids, 2 cars, etc). We are far more motivated by recognition, money, and pleasure. We are also more goal driven. Few of us settle for a steady day-job with evenings spent on watching Golden Girls, Gilligan's Island, or Who's the Boss. We already grew up taking many things for granted and now seek purpose and identity.

## Our tools are different

Technology changed the medium, the message, and the process for all of our marketing efforts. It changed how connected we are, and who we connect with. It changed how informed we are. It changed how consumers make purchase decisions. Mobile devices completely redefined how we consume information but also what information we consume.

## New Agile Formula

We need a new "formula" that will allow us to keep evolving as the market continues to evolve.



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## ★ SUCCESS

The first thing we have to change is our definition of success. Shall we communicate one set of values to our staff and another to our clients or board members? I think one of the best ways we can simplify our agencies is to be honest about our goals? What does success look like to us? If we're not honest even to ourselves, how can we ever expect our agencies to evolve into something better?



# REDEFINING SUCCESS

Agencies define their success in a number of ways: their financial success measured through profit, their client satisfaction judged through loyalty, their creativity measured through industry accolades, as well as things harder to measure like culture and reputation. I would like to add another definition of success: agility measured by ability to change and innovate.

Of all companies in the world, agencies should be the ones driving innovation and change. Few other types of companies place so much emphasis on creativity. If insights and ideas are truly what drives our work, then let's look at ourselves and review our inner soul. **We are dysfunctional. We preach innovation and progress but we do not live it nor demonstrate it.**

This is my challenge to you: Don't settle. Don't fall back to your old nature. Don't get back to what's comfortable. Don't default to what you know. Be bold. Innovate. Push ahead of everyone else. Always strive to be outside of your comfort zone. Don't follow the market, lead it. The future does not belong to the largest or the strongest. The future belongs to those who can evolve and innovate faster.

Don't settle. Don't fall back to your old nature. Don't get back to what's comfortable. Don't default to what you know. Be bold. Innovate. Push ahead of everyone else... Don't follow the market, lead it.



I therefore propose a new definition of success:

**Success = Agility + Creativity + Profit**

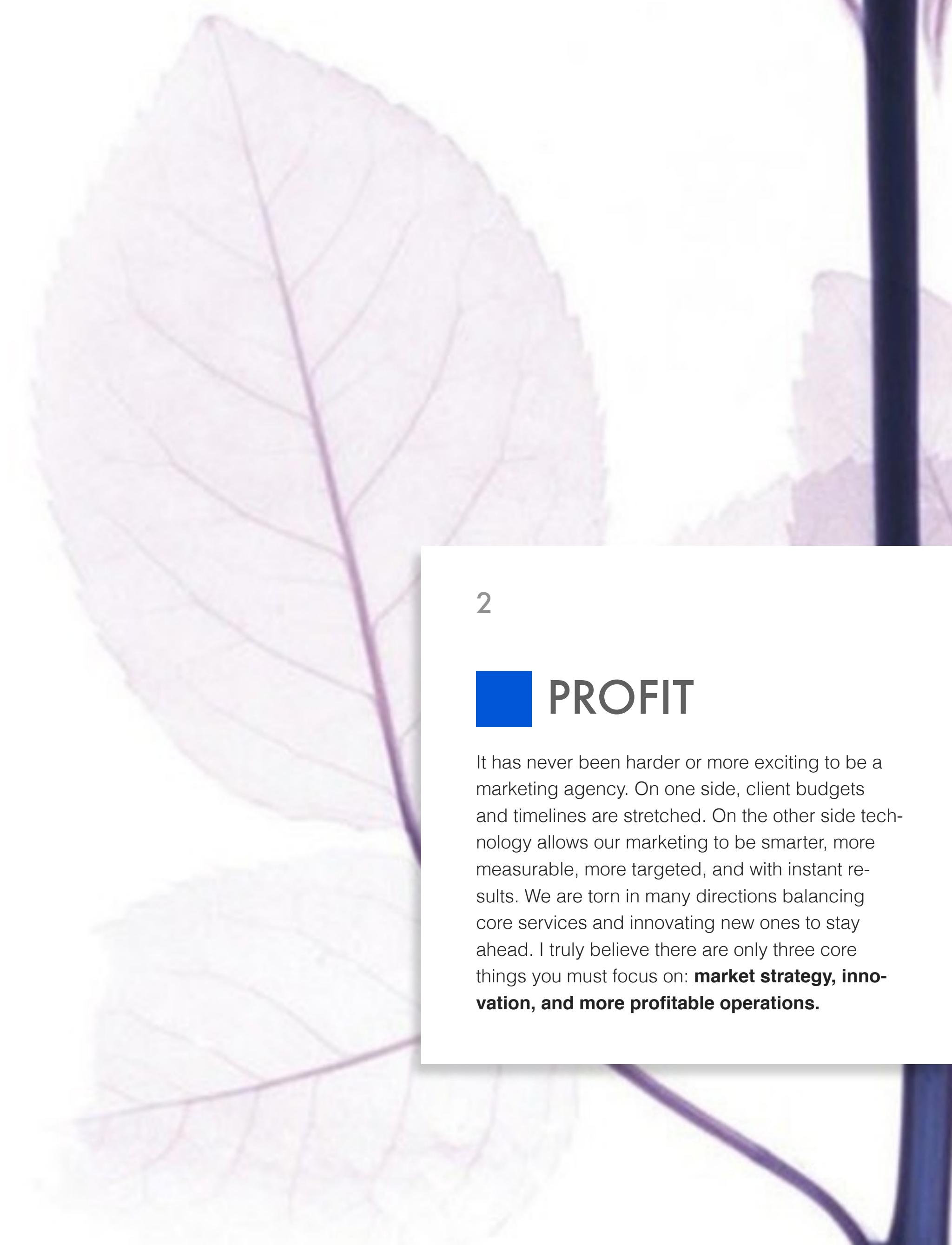


I also propose you need three components to achieve this success in today's agencies:

**Profit + People + Process = Success**



The chapters that follow will clarify how to evolve each component to achieve this success.



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## ■ PROFIT

It has never been harder or more exciting to be a marketing agency. On one side, client budgets and timelines are stretched. On the other side technology allows our marketing to be smarter, more measurable, more targeted, and with instant results. We are torn in many directions balancing core services and innovating new ones to stay ahead. I truly believe there are only three core things you must focus on: **market strategy, innovation, and more profitable operations.**

# MARKET STRATEGY

The easiest way to win a game is to change the rules in your favor. In this case it's not cheating. It's simply evolving.

## Be different to get noticed in all the noise

Here is an idea: Don't be like all the other agencies. Don't be the "all-service" or "results driven" or "media-agnostic" or even a "Fortune 500" agency. Be different. You can still provide a range of marketing services and focus on results. Just don't identify yourself in this way. Find a niche that will make you stand out from your competitors. I'm not even talking about focusing on a specific client industry. I'm talking about re-defining who you are. I'm talking about seeing yourself in a different light, one that has a great story and makes you... well... different. And if one day you find yourself amidst competitors just like you, don't waste a second, and evolve again.

consumes your work, your life, and your dreams... only then, is it ready to hit the market. It's ready to capture the minds and pockets of potential clients.

**Don't settle on having a great story...**  
**Spend dreamless nights obsessing about it and perfecting it. Then throw everything into the garbage and do it all over again until it truly consumes you.**

## Drive synergy and clients will love you

How can you make the client addicted to your product or service (legally of course)? Create such a synergy between your products or services that together they are far greater than the sum of what they can provide independently. Drive this synergy through your staff creating your services. Then drive this synergy through how you deliver them. Then find strategic partners that will naturally amplify these services into something extraordinary.

## Become awesome to kill your competition

Now take the one thing that defines you / makes you different and be truly extraordinary in it. Amplify it. Set it on fire. Let it spread like a virus. How? Don't settle on having a great story. Create an entire mythology, an entirely new way of thinking, a secret cult, a juicy conspiracy, a world-wide apocalypse. Spend dreamless nights obsessing about it and perfecting it. Then throw everything into the garbage and do it all over again until it truly consumes you. Once it becomes so powerful that it

# INNOVATION

Innovation was traditionally expected from, and afforded by, companies in specific sectors, ones with profit margins high enough to justify research and development costs. This is no longer true. Anyone can innovate at a fraction of the cost. In fact, that is precisely what is evolving digital technology and the online channel so quickly. If you're not constantly, (yes constantly,) innovating, you are inevitably and consistently behind.

## **Innovation is the price of being in the game**

Innovation is no longer how you stay ahead of the game. Innovation is now how you stay IN the game. Innovation is a constant in this industry. I understand it's hard enough to find money to pay your staff. Sorry, you have to find a way to fund innovation or else you're dead. Maybe next week, next month, or next year but you'll be dead. In the meantime, finding money will get even harder. Those that manage to innovate will be the only ones still in the game. It's that simple.

**Innovation is no longer how you stay ahead of the game. Innovation is now how you stay IN the game.**

The good news is, there are many ways you can innovate. You can innovate your product and services through new technologies. You can innovate through ideas or new ways of executing your campaigns. You can innovate through partnerships with other companies that redefine your

current products. You can even innovate organically through bringing in radically new talent into your company (e.g. hire psychologist to redefine your products). Heck, take a year and hire a psychologist, sociologist, engineer, and someone completely different (e.g. Buddhist guru) for 3 months each. See how quickly that will redefine your product.

## **Don't fake it. Make it your agency DNA.**

Don't innovate just for appearances. Don't innovate just to stay in the game. Innovate to win. Regardless of how desperate your situation is, remember that innovation is about great ideas, our conviction in them, and the fearless drive to pursue them. Innovation is about following our dreams. What are we without our dreams? What are we without our hopes? What are we without the ability to pursue them? Is that not what drives us, gets us up in the morning, and keeps us coming back for more?

**Don't innovate just for appearances. Don't innovate just to stay in the game. Innovate to win. Regardless of how desperate your situation is...**

More than staying in the game, having innovation as part of your DNA will motivate and inspire to the very people you employ. It will generate passion, hope, ideas, and drive to fulfill them. What will happen if you don't do it? The staff you want

to keep (the ones that are innovative and driven) will leave you. The ones that stay are happy with the status quo or afraid of change.

**... remember that innovation is about great ideas, our conviction in them, and the fearless drive to pursue them.**

## **Use it to increase investor value**

Lastly, there is money in innovation. It's called intellectual property. I know this may be a novel idea for agencies that focus on charging fees as their primary source of revenue. To investors and shareholders this is called diversification. It's a non-commodity revenue source. It's a product with a high profit margin. This works especially well when your intellectual property makes your whole service portfolio stronger (the synergy I discussed before).

I do however want to caution you here. Why? Because it's impossible for most companies to grow and evolve at the speed the industry does. Our normal tendency is to get excited about a product/service extension and immediately try to grow infrastructure (and perceived value) including new departments, lengthy legal negotiations, and risky investments. I would rather micro-innovate often with partners than to try growing a whole new empire every time. Leveraging their expertise and existing resources minimizes risk. Once you can see true success ahead of you, then you bring in costly lawyers to monetize new ideas.

# OPERATIONS

## Lowering costs

As an agency owner or manager, are you drinking the old kool-aid or the new one? The old kool-aid is about squeezing your greatest cost, staff salaries. The new kool-aid is about minimizing overhead costs through working from home, relying on freelancers, shared office spaces, and more. If you're located in a city with a large talent supply, perhaps the old kool-aid is a good option. If not, you'll need to acquire and keep better talent than your competitor. Selling agency culture as a competitive differentiator, only works when it's true. Also, avoid selling financial perks since it cuts into your margin and does not necessarily attract the most innovative talent.

There are however many agency costs that can, (if we're honest with ourselves) be sacrificed or scaled down: HR department, less administrative staff, keep red tape to minimum (e.g. outsource invoicing to FreshBooks), IT support / keep infrastructure simple (e.g. outsource), perks that nobody cares about (e.g. discounts at the local tire store), spacious working areas (e.g. switch to smaller but more collaborative work spaces instead of all management having their own office), extravagant staff parties, and many more. I'm talking about things we simply got used to, and take for granted, that don't actually increase our productivity (some may actually decrease it). Bureaucracy is the biggest expense. This brings me to the next topic.

## Less complexity

The main way you can cut costs is to reduce every level of complexity in your company. Simplify your staff structure to reduce layers and redundant roles. Simplify your process and documentation (without risking quality). Simplify your client list by focusing on growing high-profit clients; and stop constantly trying to please low-profit high-maintenance clients. Simplify your product by deprecating legacy features no longer relevant in the market. Simplify your services by eliminating those that are not profitable or are holding you back from evolving. Simplify your reporting to provide only key performance indicators. Simplify your communications so your managers don't waste 30% of their work day doing reports and reading through corporate spam. Simplify your infrastructure, your procurement, your technology... there is so much more.

**The main way you can cut costs is to reduce every level of complexity in your company.**

Reducing all this complexity will not only save you money, it will improve morale. Simpler ecosystems are easier to understand, adapt to, and manage. Complex ecosystems are prone to error and frustration. Some complexities are best solved using well trained people, not rigid processes or outdated software. People adapt faster, and some staff issues cannot be solved by putting another process in place (increasing com-

plexity). Long term, even small changes can have a profound impact.

## Charge more

I know this one sounds deceptively simple: Ask your clients for more money! I know what you're thinking! You already feel like your clients are pressing you on the budget and your competitors are creeping up behind you. I'm not talking about cheating or over-quoting your proposals. I am talking about not being afraid to ask for true project costs, especially when doing this with clients that are already with you and trust you. I'm talking about not undercutting your own estimates because you think you have to be super aggressive. Just be realistic with your budgets, have proper contingency, and create accurate expectations for your clients ... instead of starting every project knowing there will be an overage. That's like starting your day already knowing it will go terribly wrong.

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You can also charge more if you have unique intellectual property, if you're somehow different / niche, and if there is a clear advantage in synergy between your products (all covered earlier). Why? Because you're no longer perceived the same as your competitors. You are someone better and many clients are happy to pay a little extra knowing they get a better product.



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## ● PEOPLE

If profit is the most important thing for an agency, then people absolutely take the close second. After all, **people weave dreams of brilliant ideas and birth them into existence**. Only people can pour their souls out for a client. People evolve and elevate the agencies they work for. People serve both clients and customers alike. More than products or services, people evolve themselves: their craft, their identity, and even their own purpose.

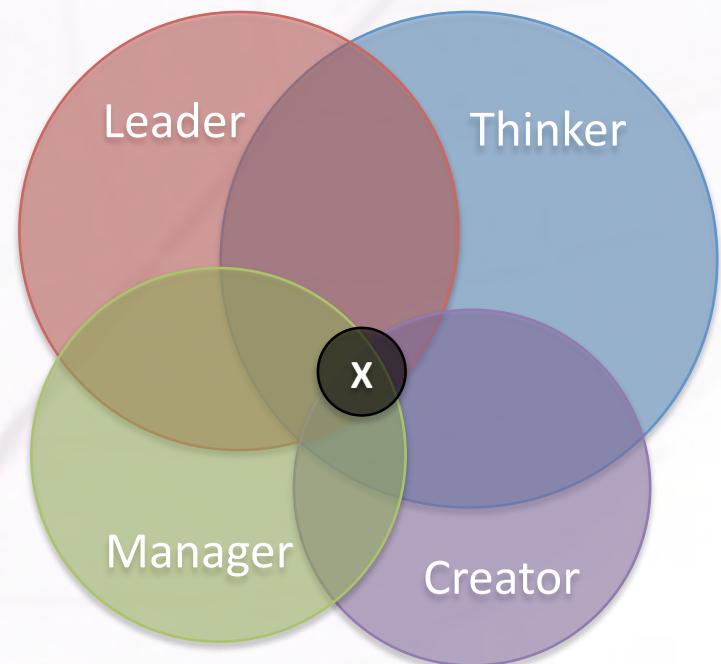
# ROLES

How many different titles do people have in your company? How many different job descriptions? Are these reflecting our constantly changing digital market, clients needs, and the economy? It's interesting to me that 20 years ago if you met a person at a party and ask them, "What do you do?" you would probably get a single-phrase answer like "I'm an engineer" or "I'm a project manager". Today, if you ask the same question, they may as well hand you a wordcloud explaining their role or what they actually produce. I can't tell you how hard it has been explaining to strangers what I do as a digital strategist. People are more complex. Jobs are more complex. Our work ecosystems are not consistent. Our clients are so confused about our roles.

I would like to propose another way to understand our roles. I'm not just dreaming this up. I lived it while working for various agencies. Instead of defining who we are by our lengthy convoluted job descriptions, let's define ourselves and our roles through 4 key characteristics we naturally possess:

- The Leader (Entrepreneur / Trailblazer / Guru / Priest / CEO / etc.),
- The Thinker (Strategist / Architect / Innovator / Planner / etc.),
- The Creator (Designer / Factory Worker / Mechanic / etc.),
- The Manager (Administrator / Project Manager / Executive / etc.),

Remember you are not just one of them. You are a combination of them. This graph below represents me:



I can communicate who I am using sizes of circles, how they overlap, and where my sweet spot is. Throughout my life, my circles grow (reflecting my experience / competence) and change how they overlap. The location of my sweet spot can change based on my passion or preference.

**People are more complex. Jobs are more complex. Our work ecosystems are not consistent. Our clients are so confused...**

Try doing this yourself. First, draw your own graph and place your sweet spot. Now underneath that, draw a similar graph representing your current job / position. Now draw your sweet spot. Now compare the two.

Hold onto this till we get to "Structure" chapter.

# TRAITS

I am totally biased when it comes to hiring people. Which personal characteristics drive both performance and ability to constantly evolve? Skills can always be acquired (e.g. technology, language, process) but personal traits are more difficult for individuals to change or even fake.

I look for these 5 traits when hiring people:

- passion resulting in personal drive
- adaptability resulting in versatility
- no ego, removing the primary obstacle to change
- personal work ethic resulting in productivity and excellence
- caring soul, pursuing a balanced approach to change

## Passion - the force of change

I used to look for someone who just gets the job done no questions asked. Over the years I learned the ability to adapt and apply is far more useful than the ability to copy and repeat a specific behavior. I totally changed my mind. Passion is a positive force driving a person towards a specific direction. I want someone that is motivated by the vision ahead of them, not satisfied with the current status quo. Such a person is more willing to consider a different approach of success, to adapt to this approach, and to be

constantly propelled in that direction. Passionate people have the energy to persevere even when things get tough. Passionate people drive success. They will either take agencies to new heights or leave.

**I want someone that is motivated by the vision ahead of them, not satisfied with the current status quo. Such a person is more willing to consider a different approach of success, to adapt to this approach, and to be constantly propelled in that direction.**

Passionate people need a clear sense of direction. They need to be constantly educated and indoctrinated to believe in the vision and purpose set for their role (I mean this strictly in business sense).

## Adaptability - the ability to change

I used to work for experts, people with specific highly developed skills. Today's market and technology are changing too quickly. Specialists are also more reluctant to change, deeply committed to their skill and method. Today, I look for versatility and adaptability to constant change. These people are survivors. They learn quickly. They are excellent at integrating technologies and ideas. They are holistic in their understanding of problems. They can still have an area of expertise but they are far more open and willing to look for a better way. They are naturally creative.

**...I look for versatility and adaptability to constant change. These people are survivors. They learn quickly. They are excellent at integrating technologies and ideas. They are more holistic in their understanding of problems.**

Such people need a constant feed of new ideas and knowledge. They crave innovation. They love to evolve themselves. They need an environment to continue evolving.

### **No Ego - the obstacle to change**

I used to look to charismatic super-experts to show me the way to success. Again, the market and technology is changing too quickly. Sooner or later their egos (and the deep conviction they are right) will interfere with acquiring new knowledge. At the end of the day, my biggest problem with big ego people is they stop learning. They don't feel they need to. They think they know the right way and that's not going to change. I look for people with passion but without arrogance. I look for people with humility. They are more teachable. They adapt easier. They are less prone to personal conflict.

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These people are often insecure and benefit from personal and public recognition. They want to be valued. They quietly treasure even the smallest and most private complements.

### **Work Ethic - the journey of change**

The work ethic of a person is not simply referring to the sheer number of hours they work. I'm referring to the amount of ownership they take over their work, the commitment they personally have to their role, and the pride they have for doing their work exceptionally well. When things get tough, this work ethic allows them to persist and persevere. When things are easy, they maintain proficiency. They are self-motivated and often don't need supervision.

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Workhorses need challenges to focus their massive energy. They need responsibilities they can own and be dedicated to. They need a level of autonomy to make their own decisions.

### **Caring Soul - the balance of change**

Last but not least is a person who demonstrates care and concern for others. This trait expresses itself in a number of ways. It starts with the way they interact in a team. It extends to how much they respect other people's opinions and their

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work, how they express feedback or suggestions. It goes much further into how they care about fellow staff even outside of work. Complex solutions cannot be developed in isolation.

Caring people need to feel the agency cares about their staff and about the world around them. They benefit from participating in corporate charity work. They enjoy working in multi-disciplinary teams. They enjoy mentoring opportunities.

# GROWTH

So how to grow people? Cultivating the skills of current staff is commonly accepted to be cheaper than hiring new people with the additional skill set. It's cheaper to give a smaller raise than to hire at market price. Onboarding someone new takes time and can also be expensive. Growing current staff also has the added benefit of increasing their loyalty, productivity, and overall team morale.

## Experience

Developing someone's experience occurs naturally as the person works on different projects. What may not occur naturally is their improvement. Sorry to state the obvious here, but people need a constant flow of constructive feedback to improve. Without feedback, a person will improve only in specific areas and not others. The more feedback they get, the better, especially in early stages of their work experience. This feedback should come from different people and in different forms: pro-active (i.e. try doing this in this way), corrective (i.e. fix this), recognition (i.e. you did a great job on this) and motivational (i.e. I think you can kick butt doing this). Simply reactive correctional feedback will leave your staff de-

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motivated. Investing and normalizing in this kind of constructive communication is key to converting work into actual improvement.

## New Skills

Next up are hard skills and soft skills. New technologies or processes are typically easier to acquire. Soft skills like public speaking can be more challenging. Some skills come more naturally. What's consistent though, is that your company cannot grow in its cumulative expertise without your staff growing in their personal expertise. Yes, there is always a risk of a staff member leaving after you train them. That risk however, is far smaller than risking the inability to grow as a company because your staff is complacent in their current skills. Not growing them means not growing your company. Got it?

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## Competence

I want to highlight competence separately from skills and experience. It's a different thing. You can have someone with many years of experi-

ence and a long list of skills, but that does not mean they are really good or competent in them. So how do you grow competence? One of the ways to grow competence is through ownership. People produce better quality work when they know what's expected and they know they're personally responsible for delivering that level of quality. Over a period of time, that level of quality grows to be something that defines them regardless of the expectations placed on them. If you want someone to take responsibility for something, you have to give them ownership of it. Of course, trust them with small things before you give them something bigger.

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## Craft / Talent

In theory, every person, at any point in time, has a limited ability to increase their natural talent and their craft. In practice, that limited ability is more related to how much the company wants to risk or invest, and less related to what the person is actually capable of achieving. A person's craft often grows where their current ability is challenged by a new need, one they currently cannot meet. For example, asking a print designer to design a website. The more you challenge their ability (not simply how many hours they can push out in a day), the more their craft will develop.

**A person's craft often grows where their current ability is challenged by a new need, one they currently cannot meet... The more you challenge their ability, the more their craft will develop.**

## Personal

I saved the hardest one for the end. Personal fulfillment comes from a lot more than work. As people get older, they go through different life stages. We seek personal fulfillment and meaning in our life. Although we spend less than a third of our time at work, there are some great ways workplaces can contribute to personal maturity, fulfillment, and growth. These include company charity activities, family events, and even just communicating how the agency products / services are positively changing people's life.

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All five of these are important facets of growing people in order to grow an agency.



## 4

## ▲ PROCESS

I hate process. I love process. Process can prevent but also facilitate change. **Process cannot replace great people but it can guide normal people to greatness.** Every ecosystem has a certain level of natural predictability, on order of things. This order is not simply dictated and enforced. A certain level of harmony and process simply exists as if it was woven in the very fabric of our existence.

# ▲ STRUCTURE

Forget everything you know about how to structure an agency, about HR, about communication lines, about corporate management, and about job descriptions. Throw it in the garbage, pour gasoline on it, and set it on fire. Take all the ashes, pour gasoline on it again and light it again. Repeat it till you run out of gasoline. Then dig a big hole in an old abandoned cemetery and bury whatever is left there; far away from any civilization. Now start fresh.

**Forget everything you know about how to structure an agency... Throw it out the garbage, put gasoline on it, and set it on fire. Take all the ashes, pour gasoline on it again and light it again... Now start fresh.**

## Project Driven

How do agencies naturally structure their work? Projects of course! Now take that single simple truth, focus on it, ignore all distractions, and super amplify it. Imagine your entire company structure is not hierarchical. Imagine it is entirely project based. Every project still has a core team of people including creative lead, client lead, project management lead (aka the sacred trinity), various experts, and core production team. Larger projects have more people and smaller projects have fewer people. People of course can work on more than one project at the same time. They can also play different roles depending on the needs of a specific project. What's dif-

ferent is that there is no staff structure that exists outside of projects. There simply is a pool of people with various skills and capable of serving various roles (based on the last chapter). That's it.

**How do agencies naturally structure their work? Projects of course. Now take that single simple truth, focus on it, ignore all distractions, and super amplify it.**

I know this may be confusing so lets play this out a bit?

- Who manages each project? The sacred trinity: client lead, creative lead, and project lead.
- Who does hiring? Some combination of sacred trinity for that project (or multiple projects for shared resources).
- How does a staff grow in this environment? Through projects and roles they play. Any person can be a creator in one project, a manager in another, and a thinker in yet another project.
- What about company work? That's still to be treated as a project even if it's paid by the company. Similarly, RFP responses are company-sponsored projects.
- What about personal conflict? Still managed by sacred trinity.
- How do you manage scheduling conflicts? Once people are committed to specific projects, they are reserved. After all, that project

money pays their salary. Changes in resourcing have to be negotiated by project managers.

- How do you make sure the project comes in on budget and client is happy? Every project provides financial rewards to staff for both budget and return business.
- What if the project goes over? There is no money to pay the team to finish the project. Team has to change or client must provide more money. Else the company must provide additional funds.
- How can certain people be keep working (or be dedicated) to specific clients? The Client has to pay for projects (including retainers / support) to keep them. If not, they have to move on to another project.
- How does someone get promoted or get a raise? People get rewarded based on the roles they played in the project, its profitability, and its success in generating further business.
- How does someone get drafted to work on a specific project? They have availability and the sacred trinity invites them to work on their project. They accept or reject. As long as they meet their targets, that person can pick what project they want to work on (or with whom). They only get paid for allocated work.
- What about really small production projects? One person can serve all roles. Can people work from home? That's up to the sacred trinity team.

There are, of course, a few roles like CEOs, accountants, and various administrative staff that support the entire ecosystem but none of these

participate in a project. Anyone that does fits the scenario above. Still confused? Just keep imagining an ecosystem that's entirely project based. Again, this framework will work only for small to medium agencies.

**Imagine your entire company structure is not hierarchical. Imagine it is entirely project based. Every project still has a core team of people including creative lead, client lead, project management lead (aka the sacred trinity), various experts, and core production team.**

## Empowering People

This project based framework has a number of advantages. It's tied directly to revenue. It removes any unnecessary bureaucracy. It creates a very agile work environment. Most of all, it empowers driven people. For example, it doesn't matter if this is your second day working for the company. If you have availability and skill, you can be the creative lead or project management lead. It doesn't matter if you've been primarily a creator all your career. If you want to learn client management, you simply put your name forward to be the client lead for a specific project. You work and live through projects. You fail and succeed through them. You grow through them. They represent a multitude of micro-achievements throughout a single year of employment rather a single annual review. They provide the key opportunities younger generations of talented workers desire: frequent recognition, great variety of work, and constant ability to grow personally (at a very fast pace).

The second way this framework empowers people is by giving them direct control of their work life and allows them to see the direct results of their decisions. For example, a trailblazer client lead can work really hard to generate more business from a specific client and directly benefit financially from it, especially if they remain on the project to deliver it. A team of highly motivated creators decide to work the weekend to deliver the project under budget and directly benefit financially from this effort. This model will naturally reward high performers and penalizes poor ones.

The last aspect of empowering people is freeing them from administrative obligations. You don't have a senior manager (aka captain) managing a department (aka squadron) of people. That's simply not needed. The only reports that exist are project reports. These form the foundation for all other reports (e.g. company profitability). The entire company (single ecosystem) is simply supporting many micro-systems (projects) both large and small.

**What happens when you remove all the administrative layers? Fluctuations in amount of work, in staff, managing resources, profitability, complexity, and so much more are all managed on project level.**

through client projects as well as sponsored internal projects (e.g. the company can sponsor a project to develop specific solution). If the company desires more innovation in a specific area, they simply have to sponsor an internal project to explore that area or subsidize an existing client project to extend its scope.

I wish I could take all the credit for this company model. I cannot. This framework of course is a micro-ecosystem based on pure capitalism where a project represents an independent business. Also, there are already many agencies who use this or similar framework in various ways, Google being one of them (distributed leadership model, 70/20/10 rule, and their early Google Labs approach).

## Empowering Change

Perhaps the most important power of this model is in its agility. What happens when you remove all the administrative layers? Fluctuations in amount of work, in staff, managing resources, profitability, complexity, and so much more are all managed on project level. As such it never burdens the actual agency. People can change and grow based purely on their ability, desire, and success record. The company evolves naturally through demand in specific projects and team competencies. Teams are flexible to run projects as it works best for them. Innovation happens



# PROJECT MANAGEMENT

Our projects have evolved. They have more components. They have more complexity. They demand a larger number of skills. Their requirements change all the time. The technology they leverage constantly evolves. In spite of it all, their timelines are shorter and budgets are smaller. If there is any time agencies have to strive for both creative and operational excellence, it's right now. But there is help on the operational side.

**Waterfall is too rigid and heavy when dealing with frequent mid-project changes... Today's campaigns desperately need to move to an agile approach.**

## Agile Process

All project management methodologies manage these three things: complexity, risks, and changes. Today's projects suffer from increasing pressures on all three of these. That's why waterfall process often fails in effectively managing projects. It is based on a false assumption you can fully understand and define requirements at the beginning of the project and that these requirements will not change during the project. That's rarely possible in today's complex campaigns. Waterfall is too rigid and heavy when dealing with frequent mid-project changes. The reality of today's larger campaigns is that they are constantly changing. The number of constraints a waterfall process places on a project

has a negative impact on its creativity, responsiveness, and ability to incorporate new innovative technologies.

Today's campaigns desperately need to move to an agile approach. Breaking the entire campaign into many small bite-size efforts will allow you to deliver even the most complex solutions while providing the ability to change things on the fly. Most importantly, it allows for constant feedback in the midst of constant innovation. It's like getting to know someone in small increments before you commit to marriage. (Think of the waterfall method as the equivalent to an arranged marriage. Meet each other once, and then see each other at the wedding.) You never know what you're going to get. I'm sorry but there is no other way to create things inexpensively in a rapidly evolving ecosystem. Learn more about agile process and agile marketing.

I also provide a warning against hybrid processes (part waterfall and part agile) currently adopted by many agencies. When you try to combine a minivan and a sports car, you don't get something better. You get neither. You don't gain the best of both worlds (space and performance). You end up with something that nobody understands and few want to drive. Waterfall and agile methods are simply incompatible. They are fundamentally different. Settling on a "hybrid" process is simply a dirty compromise. We only do it because we don't want to invest in the effort of changing.

▲  
... a warning against hybrid processes (part waterfall and part agile) currently adopted by many agencies. When you try to combine a minivan and a sports car, you don't get something better. You get neither.

## Statement of Work

Another non-negotiable component of any agency process is a document describing the scope of what will be delivered. Let's be honest: neither you nor the client really has a clear understanding of the work involved. Digital is changing too quickly and clients are often far behind. This document is the foundation on which a shared expectation of the solution is formed. There has to be some type of a written agreement with the client that manages the scope, the complexity, and all risks involved.

Over the years I've refined a traditional SOW to these key pieces of info:

- Background AKA Why
- Scope AKA What & What Not
- Risks AKA What If
- Timeline AKA When
- Budget AKA How much

Keeping things simple will cut on writing, keep creative freedom, and still allow for key detail.

### A. Background AKA Why

This section explains the problem. It's that simple. It can go into a lot more detail (company branding, competition, related campaign compo-

nents) but only when relevant to the solution explained in the scope. This section must end with a few measurable goals reflecting the state when the problem is solved / addressed. Without knowing these goals, the solution can never be properly developed.

▲  
Let's be honest: neither you nor the client really has a clear understanding of the work involved. Digital is changing too quickly and clients are often far behind.

### B. Scope AKA What & What Not

The scope section outlines the solution, the answer to the problem explained in the previous section. This solution must be broken down into campaign components (e.g. website vs mobile app) and specific deliverables or features (e.g. home page, registration page, ability to login with Facebook, confirmation email). You should also include a section for what components / deliverables may be expected but will NOT be delivered (e.g. translation, legal). Explain using common business language (non-technical). This level of detail is required to build an accurate expectation of the final solution. Client will appreciate a clearer understanding they can validate and you have documentation to manage your scope creep in the future.

### C. Risks AKA What If

Be proactive and prepared. Avoid making rush decisions in final stages of the project when you already have no time to act. List key risks of the project, how likely they are to occur, and pre-determine how they will be resolved. Be explicit to the client if these are covered in the budget or will require additional money.

There is another reason for this section. It produces extreme scenarios (e.g. high user base overwhelming the intended size of the solution) that can further shape scalability of the solution. In other words, whoever builds the solution will have to ensure the solution can be scalable for that scenario.

#### D. Timeline AKA When

Provide a general timeline (e.g. by week) including dates for any vendor and client dependencies. Again, this schedule builds an expectation that is part of the final solution. Decide whether to show “contingency” time as a separate line item or whether to incorporate it into actual items. Be explicit that delays from client and scope changes will result in delay of the final delivery.

#### E. Budget AKA How much

The cost is another way you build an expectation of the final solution. Ideally, provide some level of detail by breaking down the estimate into campaign components covered in Scope (above). This will provide a higher level of visibility for the client to make budgetary decisions (e.g. cut out part of the scope to save money). Be explicit that changes out of scope will cost more money.

**Today's digital projects require for us to dig into details. The Statement of Work is the best way to do that.**

Today's digital projects require for us to dig into details. The Statement of Work is the best way to do that.

## User Experience Design

We are complex creatures. It's no surprise that complex and new experiences must be architected on a human level. We must define and shape the actual experience we intend. After all, we are not seeking for a customer to read a poster or web page. We intend such an event to change their behaviour (e.g. purchase).

Welcome to user experience design, or UX design. This single specialty spans across multiple channels and customer touch points to architect an emotive experience capable of changing behaviour. As marketing messages get more crowded and busy, UX experts find new ways to both simplify and amplify every touch point. Here is how they do it.

#### Step 1: Understand the Customer

When architecting a solution, we tend to focus on the requirements of the client that's paying the bill. The step of understanding the customer can get lost in the process. However, as our digital solutions grew more and more complex, the customer-centric perspective experienced a re-birth of a sort. The prime directive of UX is to focus on the user (not the client) as the center of the universe. This forces us to have a completely different perspective. We re-assess what benefits a specific solution truly has for the user. We advocate on behalf of their interests. We architect based on their preferences. We relate to them. In some sense we become them. All this for one purpose: to create something truly relevant to them. Something they will truly respond to. At the same time, it is equally important, to remove all the unnecessary noise that prevents this connection and response. To avoid anything that gets in the way.

**We are complex creatures. It's no surprise that complex and new experiences must be architected on a human level. We must define and shape the actual experience we intend.**

Test to see how these experiences scale up or down. Test to validate if you in fact understood the user in the first place.

**Hire an expert... someone who has spent their career understanding the user. Hire someone who will fight for them, who sees their pains, and who understands what motivates them. Hire someone who has the rare ability to get into the user's head...**

One last word of advice. Don't try to do UX design yourself. Hire an expert. It is difficult for someone that spent their life focusing on client needs to suddenly shift focus. Hire someone who has spent their career understanding the user. Hire someone who will fight for them, who sees their pains, and who understands what motivates them. Hire someone who has the rare ability to get into the user's head and truly become them. This type of insight and person is totally priceless.

## Step 2: Design an Experience

Once we understand user motivations, interests, and behaviours; we can proceed with architecting an experience that changes behaviour. It can be something specific, short, simple, yet dramatic and profound. Something that wakes us up, smacks us in the face, and fundamentally changes how we perceive our life. It can also be something that simmers and grows over time, more subtle but equally effective. It builds up through multiple days and events to slowly but effectively change a habitual behaviour. Either way, the experience is broken down into touch points. Each touch point is carefully crafted to reinforce a message or behaviour. Each one builds on and amplifies the previous one. These touch points cross multiple channels to reinforce each other and to help battle the avalanche of other messages competing for customer's attention.

## Step 3: Test and Evolve the Experience

This last step is often the most important one. Test the experience. Don't assume the user will behave how you intend them to behave, especially in a complex solution. Watch people go through the experience. Learn and improve from it. See the variety of responses. See which types of users respond and how. See interactions between users. Use this knowledge to evolve the designed experience to be more powerful and ultimately more effective in changing behaviour. Test every touch point. Test a variety of users.

The hardest aspect of evolving companies is changing their people. That's why I want to dedicate this whole chapter on how to do it. Technology is easy to change (although sometimes quite expensive).. Process is also quite easy to change. In the end, it is the people that are making everything so complicated.

A new generation of talented employees is driven by challenges. They are not satisfied with working in same old job for 20 years than going home to watch TV. We can no longer use their salary as the only or primary motivation like as Pavlov's bell and a dog bone. We will not get consistent results. We can, however, adapt these classical conditioning principles to achieve results far greater than what we would from employees that are happy to be complacent. In other words, we have to invest more but we do get more in return. Let's break this down into three basic steps that constantly repeat and reinforce themselves:

1. Personal Challenge
2. True Accountability
3. Meaningful Reward

**The new generation of talented employees are driven by challenges. They are not satisfied with working in same old job for 20 years than going home to watch TV... We can no longer use their salary as the only or primary motivation...**

### **Step 1: Personal Challenge**

Making a generic challenge relevant to each staff is the first and hardest step. How can a single task like increasing sales by 30% become personal for each person? I realize a manager simply wants to dispense orders, await results, and not be bothered with the details in between. I don't recommend you micro manage your staff. I do, however, recommend you go one step further to make the challenge relevant. Go one step further and explain the "why" of the request. Share the impact on the company and end customer. Share success stories of similar efforts and how they impacted people in the past. Share how this impacts you personally (if appropriate / relevant).

- Go one step further by spending one-on-one time with your team regarding the challenge. Discuss what this means to them. Discuss how they plan to achieve it. Discuss what concerns they have about it. Really hear them even if only to understand how to achieve 40% of the increase.
- Go one step further by clarifying what success really looks like on group but also personal level. Motivate them and inspire them to reach or even exceed that success. Also clarify what failure looks like and what consequences will follow. Remember that positive motivation outlasts negative.

- Go one step further by providing meaningful rewards. I'm not talking about a bonus. I'm talking about actually understanding what's motivating each person and finding ways to reward them the ways that matter to them.
- Go one step further and actually learn from these experiences to improve future challenges. Give credit to appropriate individuals for their ideas and willingness to pushback. If you don't do this, all of this is meaningless.

As a manager, I challenge my team to go one step further every day. I cannot honestly expect them to do it if I don't go one step further myself.

**As a manager, I challenge my team to go one step further every day. I cannot honestly expect them to do it if I don't go one step further myself.**



- Accountability requires clarity. It works best when a specific, clear, visible and direct action has a specific, clear, visible and direct result. If that clarity does not exist ahead of time, the manager must explicitly create it by explaining it or writing it down for team members (e.g. code of accountability / warning letter). Managers cannot assume the staff implicitly understands this accountability, especially in a creative chaotic agency environment.
- Accountability takes time. It is not simply stated like a warning. It is created over a long period of time as staff sees the manager fairly rewarding the correct behaviour and punishing the wrong one. A manager cannot expect a person to believe they are accountable if they don't witness this accountability in a consistent manner. If a boundary is set it must be enforced. Same goes for a promise (e.g. reward).
- Accountability has the power to produce either contempt or integrity. It produces contempt when someone believes the discipline (or lack of) is not fair. It produces integrity when it is perceived fair.
- Accountability takes guts. We don't like conflict. We don't like to be assertive and hurt people's feelings. We don't want to be labeled as a##holes and bi#hes like many managers are when they deliver discipline.
- Accountability takes heart. It requires a deeper understanding of the person being disciplined. What are they going through even in their personal life? What is causing them to act this way? How can you help them to change? Do they even want to be helped?

## Step 2: True Accountability

Accountability works both ways. A manager can hold their staff accountable for their actions. Staff as well, regardless of their rank, can hold managers accountable for their actions, including fair treatment. We may think these dynamics are similar to a parent guiding and disciplining their kids. Yet even in today's world (at least in North America), relationships between kids and parents are far more complex. Similarly, work relationships and dynamics are far more complex. The manager's job is more difficult but also more rewarding. Here are key things needed for accountability in today's agencies.

**Barking orders and criticisms doesn't make you a manager. Understanding, building, carrying, and truly leading your team does. Such does not require authority. It requires clarity, hard work, guts, and a caring heart.**

Barking orders and criticisms doesn't make you a manager. Understanding, building, carrying, and truly leading your team does. This does not require authority. It requires clarity, hard work, guts, trust, and caring heart.

### **Step 3: Meaningful Reward**

Do you understand what each of your employee values the most? Take away the paycheck. Now tell me what motivates them in their life. Is it their craft? They want to dive and lose themselves in the most excellent expression of their professional mind. Is it their reputation? Do they simply seek validation and recognition for their talent and hard work? Is it fear or insecurity? Are their actions rooted in deep emotional scars? Do they simply seek to be accepted and loved? Is it their curiosity? Are they simply wondrous explorers wanting to learn more? There are so many other motivations and most of us possess more than one. The point I am trying to make is that the paycheck and a stable job is no longer what this new generation desires. They are far more complex and if you ignore these other factors you will lose them and all they can offer.

Yes, you can absolutely use a bonus to motivate your team. Everyone could use more money, but is that really the most important thing? Is this the focus you want to perpetuate? Is that honestly the main thing that keeps your team loyal to your

company? How much productivity can you create in your team with extra \$5k? How about \$10k? How about \$50k?

Yes, you can absolutely use the overused infamous "agency culture" as a great benefit. Just understand this culture must be defined by a specific positive uniqueness, not simply as a negative to the stereotypes of high business world. Culture cannot be defined by comparisons such as, "you don't have to wear a suit", "you don't have to punch the clock 9 to 5" (referring to flex hours), "this isn't a factory" (referring to creative freedom), etc. Your culture should be defined in a unique positive way with a specific purpose like "You are our most valued asset. We focus on you so you can create greatness." The culture becomes an expression of building the individual, removing distractions, and creating greatness.

**Do you understand what each of your employee values the most? Take away the paycheck. Now tell me what motivates them in their life.**

Yet, I want to suggest to you something even greater and more powerful. Make the reward personal and meaningful to each person on your team. Spend time to understand what each person wants. Some may be starting a family and some extra money or time off is really what they need right now. Some may feel like they are falling behind in their profession and want to upgrade their skills or get more education. Some may simply want more recognition and would really like leadership opportunities. Many of these rewards may cost very little to the company but can be of great value to the employee.



5

## LAST WORDS

Agency success is not difficult. It's simple. We have to be willing to change our old ways and try new ones. We just need all the right components, good effort, and some luck. Here are these components again:

PROFIT + PEOPLE + PROCESS = SUCCESS = AGILITY + CREATIVITY + PROFIT

■ + ● + ▲ = ★ = ▲ + ● + ■

# EVOLVING THE AGENCY FORMULA

PROFIT + PEOPLE + PROCESS = SUCCESS = AGILITY + CREATIVITY + PROFIT



Adam Kruszynski  
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The simplified one-page cheatsheet on how to run every aspect of today's marketing agency in our rapidly evolving market.

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Charge More

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Thinker

Adaptability

New Skills

Creator

Humility

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Work Ethic

Craft / Talent

Sweet Spot

Caring Soul

Personal

Process

Structure

Project Management

Evolution

Flexible

Statement of Work

Personal Challenge

Redundant

Agile Process

True Accountability

Project Driven

User Experience Design

Meaningful Reward

*"On one side, client budgets and timelines are stretched. We are competing globally. On the other side our marketing is smarter. We are torn in many directions balancing core services and innovating new ones to stay ahead..."*

*"After all, we weave dreams of brilliant ideas and birth them into existence. We pour our soul for our clients. We evolve and alleviate the agencies we work for. We serve both clients and customers alike. More than products or services, we evolve ourselves: our craft, our identity, and even our own purpose..."*

*"Process cannot displace great people but process can guide normal people to greatness. Every ecosystem has a certain level of natural predictability, on order of things. This order is not simply dictated and enforced. Certain level of harmony simply exists as if it was woven in the very fabric of our existence..."*

PROFIT + PEOPLE + PROCESS = SUCCESS = AGILITY + CREATIVITY + PROFIT



# CREDITS



## Dedication

Love to all my coworkers old and new. You've taught me so much over the years. Stay in touch. Never stop learning and growing.

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