Agency Mistakes & Growing Pains

From the Founders That Went Through Them

rewind

Introduction

Are you driving leads, but they're not your ideal clients? Would you see more growth in your agency if you'd started documenting processes sooner? How is your onboarding process looking?

Sure, you're growing, just like every other agency out there right now (the ecommerce industry is growing by $5.55 trillion this year alone), but you're not seeing the growth you should be. You might even be misspending, about 26% of your budget on ineffective channels, as most other agencies are.

But how do you know for sure that you're not hitting the right amount of growth? How do you know you're not operating efficiently? Well, if you're making any of the common ecommerce agency mistakes outlined below, your processes aren't as smooth as they should be.

Not to worry, nearly every agency has gone through it. That's why we've rallied some of the top ecommerce agency owners and leaders to share their expertise on how to overcome it all.

Bios

Nihar Kulkarni

Nihar Kulkarni is the Managing Director and Partner at Roswell NYC, a full-service eCommerce agency. As a certified Shopify Plus Partner, Klaviyo Platinum Partner, ReCharge Select Partner and Attentive Pioneer Partner, Roswell provides creative, engineering, and growth services to 70+ merchants. Nihar started his interesting career working for record labels such as Bad Boy Records and Republic Records, then moved into eCommerce, taking with him decades of experience in business development, operations and company growth.

Ashley Scorpio

Ashley Scorpio is the Senior Vice President of Partnerships at Hawke Media, a full-service digital marketing agency and Your Outsourced CMO®. Ashley has over a decade of experience working as a performance marketing leader, managing millions of dollars in digital ad spend for ecommerce and B2B SaaS companies. She's a nationally-recognized woman in ecommerce by Ecommerce Magazine and is one of this year's Amazing Women in Ecommerce honorees.

Rachel Jacobs

Rachel Jacobs is the former COO of a leading Shopify Plus agency. She has since acted as fractional COO for more than 60 ecommerce agencies. Her unique processes for growing profitability, implementing best practice systems, and building scalable retainer models positions her as a #1 trusted advisor for ecommerce agencies around the world. She focuses her processes on making it possible to scale, while maximizing agency efficiencies and enabling agency owners to focus on the day to day running of their business and growth efforts.

Keith Matthews

Keith Matthews is the founder of Milk Bottle Labs, an Irish-based Shopify Design & Development agency—the only fully dedicated Shopify agency in Ireland to focus on building, upgrading, optimizing performance, and migrating Shopify and Shopify Plus stores around the world. He is also one of the very first accredited Shopify Experts, and his experience with the platform extends farther back than most. You can hear his expertise regularly on the Milk Bottle eCommerce Show.

The Most Common Agency Mistakes Around Lead Generation

Most startup ecommerce agencies are a little too eager for leads, especially in those really early stages of the business. And you likely were too.

You figured, you just need enough new leads to get to a certain point, and then you can focus on refining processes and diversifying marketing. That was your first mistake.

Taking the time to define your niche (and getting as specific as possible), outline processes, conduct audience research, and build sales playbooks often comes later for most businesses. And that's a real shame because, without that foundation, you're not growing functionally. At the very least, you're attracting clients that just don't make sense for you.

Besides that, there are plenty of other mistakes you might be making:

- Not diversifying your lead generation and channels
- Not defining your niche and offering
- Improper prospect scoping
- Not charging what you should

Not Having Enough Lead Channels

Rachel Jacobs—fractional COO for over 60 ecommerce agencies and former COO of a leading Shopify Plus agency—states that there are three main lead channels: inbound, outbound, and partnerships, and you need all of them.

> *"You need all three to ensure consistent growth, and also to make it through downturns (like the slump caused by the pandemic). Most agencies only focus on one, and it's typically not partnerships. But, you do need to nail all three, so that if one or two of them drop off, you still have the third holding you together and feeding your growth."*

Vendors often have really great partnership programs. With the stage that most businesses are in right now, it's often the easiest route and one that consistently feeds your business.

Not Truly Defining What You Do

> *"Very quickly you become everything to every customer and your core product or focus, building Shopify stores, gets diluted... By defining your service & offering you are making it quite clear to yourself and the wider community exactly what you do."*

This statement by Keith Matthews—founder of Milk Bottle Labs, Irish based Shopify Design and Development Agency, and host of the Milk Bottle eCommerce Podcast—highlights the reality that, no matter how big you get, you still face that growing pain of diluted focus that makes it hard to deliver.

> *"Since we started building Shopify stores back in 2012 the complexity, number of value add services, and marketing channels has increased enormously. With that so has the time required to build stores (as well as the skillset to build them properly.) Many of your future clients may require Adwords management, social media management, SEO assistance and an endless list of services which require time and dedication. One of the biggest mistakes we made in the early years was to try to deliver everything that was asked. Delivering value-added services is a great idea but choose these extra services wisely. It adds to the bottom line. We now manage as many Klaviyo accounts as Shopify stores but that's because there is a clear relationship between both and it helps our expansion rather than confuse us. So make sure to define your offering and focus on value-added services that make sense to you and your client."*

Not Setting Up Processes With Clients

> *"There is such a thing as too many cooks in the kitchen."*

Ashley Scorpio—Senior VP of Partnerships at Hawke Media, a digital marketing agency with a focus on ecommerce brands, with Ashley recognized in Ecommerce Magazine—weighs in on processes (another recurring position from experts).

> *"When there is an unclear approval process or hierarchy with a client you can run into serious delays and potential client relations issues. If you're trying to deliver on your scope of work and push campaigns live but it is unclear who needs to be involved in approving budgets, campaigns, optimizations, and more you're going to slow down your process—and frustrate your team—with unnecessary stress and back and forth. Setting up that clear communication and establishing points of contacts from day one will help reduce friction with a client overall."*

Improper Scoping

> *"In the haste to make the sale, improper grooming of estimates on a granular level can result in tech debt where you are on the hook to deliver on a project without further funds coming in..."*

Nihar points to a near-fatal problem that a lot of companies have (and that extends far beyond the ecommerce industry too). That is scoping a project and all it will take to bring it to life. You may have some idea how long it will take, based on past projects, but you may face challenges with one client that you don't with another. It causes two problems, according to Nihar:

> *"Your resources must complete the project that is over budget, causing an immediate loss in resources and revenue. As you must complete the project, it prevents you from taking on new projects or starting new projects resulting in further loss of revenue. Left unchecked, this can be a race to the bottom."*

The only way around this is a thorough discovery process and agreement on scope of the project. Alert the client to policies on edits (such as how many rounds you're willing to undergo), how many meetings you're willing to take within a month, and how many updates they should expect from you.

By having these processes in place, and ensuring you both agree to those terms before you even start, can push needier clients into more reasonable terms. Other than that, your best way to avoid improper scoping is to have proper lead qualification. When you fully understand your ideal client, and aim for those clients above all else, you're more likely to find fits that don't go beyond your scope.

Charge Appropriately: Beware of Scope Creep

> *"There is no single profile for aspiring agency owners. Many are former developers, designers, or even salespeople. One thing is for sure there are very few founders that have an accounting qualification!"*

Keith Matthews also weighed in on scope creep with this comment, which seems to weave tightly into comments from our other experts. You'll never know the full scope of a project before you start, and placing a value on your work feels subjective, especially in the beginning. Getting past the emotional aspect of that helps you properly assess the time and charge it would take to be profitable. Keith lays out how to do this in a few steps:

> *"The first requirement is to define the scope of the project. Even if you charge low, provided the scope is defined you can deliver that scope and clearly communicate that to the client. Once the client has agreed to the scope, share a simple Statement of Work which requires approval by the client. Only commence the job when this is agreed. Clearly document your charges for scope creep. Scope creep will always happen.*
>
> *Requesting large portions of payment in advance is always recommended. There is nothing as disappointing as chasing a client for payment months after a job is complete. While it may seem unusual, we all pay for services in advance nowadays. In fact, all ecommerce stores take advance payment. Why should it be any different for a services business?"*

Most Common Ecommerce Mistakes on Delivery and Partnering

Every agency wants to seem like they can take on all the needs of the ecommerce business, but the reality is that you're limited with resources—manpower, time...

By overpromising, your compromising your ability to do something exceptionally well, deliver early rather than late or simply on time, and can't account for unforeseen delays.

Conduct a Thorough Discovery Process

Nihar also has advice about how to develop and conduct your discovery process early in the client-agency relationship.

> *"Quality over quantity. Having more merchants on your roster doesn't mean you are a larger or better agency. Constantly groom your merchant roster so that you have a portfolio of merchants that match where you are in the matriculation of your agency; not every agency can have all enterprise-level merchants; know where you are, master your lane, then change lanes when you are ready.*
>
> *After you continue to grow, don't forget where you came from. The same sort of boutique touch can be felt as you grow by ensuring that layers of management work to ensure that the merchants understand that handoffs from senior management and sales to the account management team doesn't mean good by the stakeholders of the agency."*

You Don’t Own Your Client

Of course, agency life isn’t always sunshine and roses. Keith shares a common struggle:

> *“We have had many instances where we’ve over-delivered and built beautiful best in class stores. Endless hours of dedication, custom coding, meetings, and calls have resulted in award-winning designs and created a platform for small local brands to compete with big-budget DTC’s.*
>
> *Then a week after the launch the client’s ecomm manager or new hire decides he’s a fully qualified web designer and reverses all the beautiful work without any notice. We have instances where best-in-class stores have been reversed and changed so much that we’ve had to remove them from our portfolio.*
>
> *It takes getting used to. After many years of experiencing this, we’ve learned that the client can make whatever changes they want. And that we don’t own the clients business.”*

While it can be frustrating to accept, ecommerce agencies must understand that they don’t own their client, and they don’t own the work they did for their clients. Assuming the client paid for it, the work is theirs to do with as they wish. By focusing on new clients and projects, agencies can help let go of clients who’ve made decisions that they don’t agree with.

Pay Attention to Your Capacity

Ashley reminds ecommerce agency entrepreneurs to be mindful of their capacity (and the capacity of their teams).

> *“You need to load balance between what you’re selling and what you’re able to fulfill so as you see demand creep up, especially with the labor market where it is currently (in the US), you need to take into account that, with your current staff, you may not be able to provide the same output at the same level of excellence and success as you once were.*
>
> *Businesses that acknowledge this and make adjustments within their team are going to find ways to strike a balance, but businesses that do not and continue to push their employees to take on more and more—or even disappoint or lose clients by providing mediocre service by overextending everyone—are going to see high employee turnover and burnout and even lose clients.*
>
> *At Hawke Media, our business development outsourcing team brings in leads consistently. Throughout the last two years, we’ve had that team pause on selling specific services in order to allow our services teams to adjust and perform at the level that our clients expect and deserve. It may feel backwards to put money making opportunities on the back burner, but it will benefit your team immensely in the long run by allowing you to train and develop your team members.”*

Most Common Ecommerce Mistakes When It Comes to Client Retention

Retention isn't just a demand for agencies, it's a demand from your merchants and your vendors. Especially in light of the pandemic.

This should be a clue that everything you build in your agency should focus on that end goal of retention. Your tech stacks, your processes, and your value add ons—all of it should be centered on the idea of retaining clients.

Overpromising and Under Delivering

> *"Capacity is an actual limited resource and as such overselling beyond what your team's capacity can deliver on is a surefire way of destroying your reputation as an agency; find the healthy growth cycle of leveraging gradual increase in retainers and flat-fee projects to hiring key staffers to execute, then start selling again. Wash, rinse, and repeat; if not done in that order, you can spell disaster," says Nihar.*
>
> *"If you hire too much, you will have to let go in short order—thus hurting your reputation to bring on quality talent. If you sell too much, you will not be able to deliver—thus hurting your reputation with potential merchants and tech partners that refer merchants your way. Find the incremental balance between the two and learn how to orchestrate the waltz between them."*

Deliver Bad News As Quickly As Possible

Of course, nobody enjoys hearing bad news. But, the more time you give a client to readjust to a new timeline, the better they will likely take this news. If your doctor needed to reschedule an appointment, would you rather have 2 days of notice or 2 hours?

Nihar has further advice for how handle missed deadlines or delays in production:

> *"If you anticipate being late, don't wait to try and catch up—notify the merchant immediately and assess the flexibility of timeline. This is much easier to do the further you are away from deadline. Don't bet on being able to catch up—chances are that you won't."*

Top Tips and Tricks for Avoiding and Correcting Mistakes, and Growing Your Ecommerce Agency

It's fairly standard for most ecommerce agencies to start with injection capital. To get that money into the business first and then scale.

But suddenly you have 20 new employees and several new clients, but you realize you have no processes for scaling. No repeatable systems. That's going to stall your business, clearly. But there's a way around it, by:

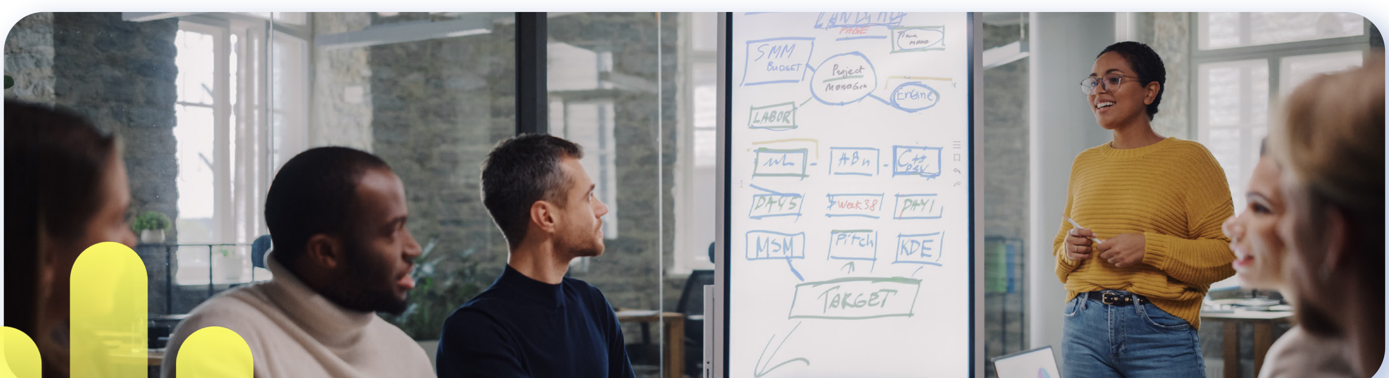
- Building out a retainer model
- Build processes
- Act as a buffer between vision and execution
- Choose the right vendor partnerships

Build Out a Retainer Model

Say you're trying to scale, so you fix processes like delivery, project coordinator, then marketing, and so on. It doesn't fix the real problem, which is that this industry is incredibly cyclical.

During the summer, it's typically pretty dead. The pipeline just seems to fizzle out. Yet, when you're busy, you're too busy, and unable to deliver the level of service your clients expect.

One of the best things you can do to counteract the *"when it rains, it pours"* problem is building a strong retainer model. Instead of charging per item or service delivered, a retainer model is a longer commitment to work together to achieve your client's needs and improve their store on an ongoing basis. It needs to be a 360, holistic approach to scale your brand, regardless of the services you offer.



Build Processes

Injecting capital isn't complicated. But profitability... that all comes down to process. That's the efficiency aspect. The ability to delegate tasks and responsibilities to people within your team reliably and repeatably, so you can focus on your own tasks (like business growth).

The first step is identifying the "WHY" of your business. The "why are we doing this?" is generally that visionary aspect that starts from the top. Then you have footsoldiers who carry out that vision.

Those foot soldiers should have focus on the "HOW" aspect of your business. How do they carry out those visions? How do they work with specific sets of clients or with specific tools?

Without these processes, you're left straddling the line between growth and stagnation, because you can't consistently repeat what works.

Be A Partner — Act as a Buffer Between Vision and Execution

Most CEOs, start-up founders, and business leaders are the visionaries. The ones with all the ideas.

And while that vision is the heart and soul of the business, the foundation for which everything else is built on, it's ultimately distracting your clients from growth. The idea person almost always has a hard time executing those ideas. They have a hard time building the real processes around it and may have so many ideas that it's pulling the company in too many directions that simply don't work.

Providing them a partner to act as a buffer for those ideas, and to filter out the ideas that will work and that have the potential to scale and bring your business forward, is certainly ideal. In most cases, it's completely necessary.

Choose the Right Tech and Vendor Partners, and Build Retainers Based on Them

An issue a lot of agencies face, and one that your ecommerce partners also face, is the restriction of growth when it comes to new technologies. You know you need to progress and invest in greater efficiencies, but you can't exactly stop to learn and adopt a new technology.

The only way to counteract that is to build retainers based on tech stacks, and on your vendor partners. As an agency, you should define who you are based on the clients you work with and the technologies that bring them together. So taking advantage of partnership programs (like ours, at Rewind) should only come as a natural part of your growth and outreach.

Choose your vendors wisely, though. Truly great vendor partnerships can feed your growth, increase client trust, and place you as a leading agency. But customer retention should be the main focus of your selection. It's one of the key pains for most of your customers, and your vendor partnerships should reflect that. It's a bit of a self-feeding machine. Retaining the endpoint customer helps your clients, which in turn helps your agency. You're all working towards that same goal, so choose the tech that facilitates that.

Final Thoughts and Key Points

There are a few things that set an ecommerce agency apart and enable growth even in the face of an economic downturn—diversifying lead generation, building scalable processes, and focusing on customer retention.

Processes are the biggest point of contention, as most fail to build the initial foundation before attempting growth. It leads to overpromising but underdelivering, poor client fit, and unsustainable practices. Building out your processes and taking advantage of excellent vendor partnerships helps you retain clients and build for the future.