

Build or Buy: Which Is Right for Your Agency?

Growth is hard work. It's something that takes time, planning, and strong leadership. You begin to ask, "What's the best way to grow? Should we build or acquire?"

When it's time for your agency to start looking for new ways to grow, there are usually two options: build a new division or acquire another shop. But there are a few things to consider before you determine how to best expand your agency network.

Start by asking yourself these questions:

- What is our core expertise? (B2C, B2B, promotion, PR, etc.)
- Where is our deepest knowledge? (Retail, financial, healthcare, pharmaceutical, etc.)
- How penetrated are you in your area of expertise?
- How much "white space" or share is still available inside this area before conflicts start to prohibit growth?
- What/who is the competition inside your core?
- What services do your clients need? Do you currently offer those services? Can you build them in?
- Are there specialty shops that offer these services today? Can you replicate them? Are they for sale?

Once you've considered these questions, you then need to debate the pros and cons of building vs. buying.

Building: Is It the Smarter Option?

Why could it be better to build? The first benefit is simple — cost. But it's just as important to consider the message this sends to your existing talent: There's room to grow here.

Many small shops stay small because there's no room for advancement. Instead, rising stars seek better-paying positions at bigger agencies once they've outgrown their current positions. Expanding your reach by building new divisions or agencies is a way to challenge your talent, provide opportunities for advancement, and keep them motivated to produce great work.

Of course, there are pitfalls to building a new agency or suite of services, too. Choosing whom to put in a leadership position is tough, and sometimes a person's ambition is greater than his ability. In this case, it's very important to provide training, council, and mentorship. Remember: If he had enough gumption to volunteer, there is likely a drive to succeed.

Buying: Risky Business? Maybe

For two agencies to merge and prosper, there must be transparency and trust. Diversity is the catalyst to creativity and thus can be the ignition to bettering the whole as it comes together. This is easy to say, yet much harder to do.

However, when like-minded cultures align, there is a sense of community that trumps all fear of the unknown and allows great collaboration to happen. The result of this openness and transparency is a stronger, more unified whole.

The reward is a diverse, new agency, but be on the lookout for discontent. Make sure the leadership you've acquired is on board with your vision — and growth plans — for the future. After all, nothing is worse than watching all the creativity you just “bought” shut down and leave. The exiting of acquired leadership in this crucial phase can result in a formidable competitor who now understands exactly how you operate.

Leading the Way

While the rewards of acquiring an agency are high, for most small- to mid-sized agencies, the risks may be even higher. For many smaller agencies, the best way to invigorate your talent — and expand your client base — is to build, rather than acquire. So, what's the best way to do that?

Be open and transparent with your staff and leadership about your vision to expand your agency by adding divisions or launching new agencies. Let them know they're part of the company's future, and show them how you're going to make that vision a reality.

Growing pains are a sign that you're doing the right things. At times, it might feel overwhelming, but remember the legacy you're building. A clear vision of your core tenets got you where you are today, and it will continue to help you build a solid, successful future.

For nearly 30 years, [Doug Austin](#) has been studying the “art of observation” and filtering out the human truths. Whether digging for key customer/consumer insights or preparing the next national retail promotion, it's all about the ability to “hear and see” what others may not and asking the hard questions that get us to the possibilities. Austin is the SVP of Growth & Innovation and leads product and brand innovation sessions for [Marlin Network](#).