

fiverr enterprise.

The 5 Pitfalls of Agency Growth & How to Avoid Them



There's a shift taking place in the world of work and it's perfect for agencies. Over 58 million freelancers are set to become the majority of the US workforce by 2027¹. With more and more freelancers joining the gig economy, we're in for a wider talent and experience pool.

Businesses are contributing to this shift too. They are embracing freelance talent more openly. 78% say they are more likely to engage with freelance talent to fill in gaps in their workforce during times of economic uncertainty². And as an agency, that's another exciting opportunity.

Companies turn to agencies to fill skills gaps, relying on specialized talent with experience, and deep knowledge. This demand has steadily increased, and digital advertising agency industry growth has

continued at a rate of 15.5% per year between 2017 and 2022.

You're likely already ahead of the curve, actively widening your talent pool, finding the best of the best who you can call on to execute on time and within budget. But if you've been around the block, you know that's easier said than done. Agency growth can be painful. It can be a double-edged sword.

In this guide, we'll pull back the curtain and examine pitfalls agencies experience as they grow. We'll paint a clear picture for why these pitfalls must be addressed as soon as possible if you want your agency to thrive. We'll also share how to position your agency to not only capitalize on the growing talent and client pool, but how to do so with less effort, pain, and faster than ever before.

1. IBISWorld & Statistica

2. IBISWorld



The 5 Pitfalls of a Growing Agency

There's a good chance you've cut your teeth on some of these. And depending on the size and age of your agency, you're on a journey where some of these growth pitfalls are waiting in the shadows.

Does this sound familiar?

We're growing! More clients means more revenue (and profit) and more talent to hire. Demand keeps increasing, and while it's all thrilling, you begin to feel a form of discomfort in the pit of your stomach. Scaling your agency isn't something you've never thought of, it's just a phase you've never really planned for.

You persevere. Workloads increase rapidly and exponentially, and as you meet and bring on more freelancers to tackle growing demand, you're slowly beginning to feel the wheels of your agency start to wobble.

Rapid growth pulls at the seams of agencies that aren't ready for it. What are the five pitfalls, and what do they really mean for the prosperity of your agency? Let's dig in.

1

Things Just Aren't Working

Growth has the uncanny ability of revealing weak points. For agencies, processes are often outed first. They just don't seem to make it possible to do work the way it's usually done. They become your greatest hurdle to scalability.

Onboarding new talent isn't working. Your "on-the-fly" recruitment process proves detrimental for your business. You used to be able to pull someone new into your agency to quickly execute on a project with a tight deadline, but you just can't any longer.

And if that isn't a tough pill to swallow, client experience takes a knock too. Where you could slap ideas together and send them out the door, that's no longer an option as your client list and workload increases. Every attempt at "business as usual" leaves new and existing team members feeling overwhelmed and constantly trying to figure out what should happen or how to keep up.

The result: poorly formed briefs and output that misses the mark, missed deadlines, and possibly, lost clients.

2

Time Suck is Costly

Here's a common exchange made across the country about contracts and onboarding freelancers:

Agency operations manager: "Has Legal sent you the contract?"

Freelancer: "I've already signed, scanned, and returned it. Have they not received it?"

Operations manager to Legal: "Have you received the signed contract?"

Legal: "We're waiting on it and the NDA."

Operations manager to freelancer: "Legal says they haven't received the contract and NDA yet. Are you sure you sent it? Maybe check your drafts folder."

Freelancer: "I guarantee that I've sent them. Would you like me to forward the sent email with both attachments and copy you on the email?"



Painful. But this series of back-and-forth engagement is common, and it is a time waster. Agencies lose days of productivity, and with tight deadlines, these exchanges take the form of lost hours that should have been banked revenue.

Projected over just 5 freelancer onboardings, your agency could lose as much as 2 days of productivity per freelancer, and as much as 80 hours of productivity cumulatively. And the lost project hours creates bottlenecks that affect the rest of your workflow, department, and client relationships. But there's an even costlier result. None of these hours spent trying to onboard a freelancer are billable to a client. They are at your expense. Can you afford to keep this up every month for the next 12 months?

3

Less-Than-Endearing Experiences

Onboarding is the first real and prolonged experience a new freelancer has with your agency. And while it may not look and feel like a big deal, it is. As much as freelancers need a paycheck, you need talent to deliver on client promises, and an unplanned and lackluster welcome littered with inconsistencies in the way your agency operates sets off warning bells.

Just how bad does a poor onboarding experience impact a business? Take poor communication alone. 35% of businesses that struggle with internal communication have lost talent as a result. And when it comes to onboarding as a practice in your agency, communication is a core component.

Losing one skilled and experienced freelancer won't hurt your business, but a growing trend in top talent attrition will. Your agency's credibility with freelance talent will wither away because talent talks to talent. And as your talent pool shrinks, leaving less seasoned freelancers that don't have the knowledge or insights top talent would readily exercise, you begin to face client retention problems.

4

We're Not The Right Fit

Losing enough top talent echoes throughout the quality of your client relationships and the work your agency delivers. And while you may have amazing account managers, no degree of account management can offset poor quality work that does not deliver results.

Client attrition is also a red flag for prospective clients. Agencies less than equipped to deliver on its promises make “the ones to avoid” list. And in a competitive market, negative references or the lack of references makes for an unnecessarily challenging landscape.

5

The State vs Your Agency

Litigation isn't something any agency wants to get caught up in, but there's enough room for error, especially where compliance is concerned. What does failing compliance look like? A warning: it's hairy. Independent contractor compliance includes 3 areas:

Legal Contracts

This one should be the easiest to address, but you'd be surprised at all that can go wrong. We all know that contracts are legally binding, and verbiage is typically clear and easy to understand.

But two realities are at play here. Firstly, freelancers join to help push through a rush project. And, while not ideal or recommended, the "legal stuff" is put on the back burner, just until we get the work done and the client is happy.

Details like project scope, equipment and expenses, deliverables, pricing and rates, payment schedules, deadlines and timelines, termination and kill fees, and ownership and copyright – everything important is neglected. And if contracts are poorly defined, they are

filled with openings for litigation that's brand-damaging and can lead to freelancer and client attrition.

Secondly, there's also the matter of payment when a project is delivered. Without a contract, the legal back-and-forth begins. This, while painful at the start of an agency-freelancer relationship, becomes excruciating when money is at stake. It's also reason enough for freelancers to look elsewhere for work.

Taxation and Workforce Classification

You've likely been working on this since day one. Filing in the right tax documents with the right tax authorities keeps your agency compliant with tax codes relevant for contractors throughout the duration of the contractor relationship.

But it can become more than you bargained for. A growing freelance talent pool means more work to stay compliant. Tax laws evolve, and they differ by state. Not keeping up isn't a good enough excuse – it can lead to deregistration and closure of your business.

Misclassification of independent contractors has been around since the 1930s and it's gaining momentum as a topic given the rapid growth of the gig economy.

Why does it matter? Taxation. Inaccurately classifying independent contractors results in possible tax revenue loss for the state, and that number has been estimated to be well into the billions of dollars. Whether you are aware of misclassifying independent contractors, failing compliance makes your agency appear to be avoiding taxes.

Misclassifying independent contractors could open you up to a long list of penalties from the IRS and legal authorities, including class-action lawsuits, criminal penalties, wage claim audits, worker's compensation violation penalties, and the requirement of payment of benefits.



Simplifying Freelancer Onboarding and Compliance

What's the most efficient way of avoiding the five pitfalls of agency growth, and how do you turn your agency into a well-oiled freelancer onboarding and compliance machine? There are several options available today and here's what the landscape looks like.

The Easily-Accessible Tool

You've seen this one before. It's how many agencies spread across North America have tried to address their onboarding and compliance issues. Excel or Google Sheets are both "quick and low-cost tools", but they are also sorely lacking in functionality to get the job done. Manual intervention is a requirement, and apart from updated cells with progress on milestones, you're still chasing freelancers and legal.

Tech Stack Bloat

On the other end of the spectrum is a collection of disparate tools that often require smart integrations. Together, these tools can make for workable solutions, however, too many platforms can cause a common phenomena called tech stack bloat.

You spend (a lot) on several products, rely on integrations, and when an update occurs (as they regularly do) the possibility of a bug holding your operation hostage is unavoidable. Tech stack bloat also creates more work. You'll need access to more platforms to check and manage processes.





Onboarding in up to 24 Hours

Fiverr Enterprise is a SaaS platform that helps marketing agencies manage their freelancers more effectively so they can focus on delivering more projects and increasing their profits. Forget endless back-and-forth emails, Excel sheets, and lost communications in multiple channels, Fiverr Enterprise consolidates everything you need to onboard a new talent and start working together in up to 24 hours.

We've taken the most complex and time-consuming work out of bringing new talent into the fold, and both onboarding and offboarding experiences are automated – no matter how large your freelance pool grows.

How does Fiverr Enterprise measure up to the five pitfalls?

Peace of Mind on Legal Issues

Fiverr Enterprise provides boxes indicating which legal docs your freelancer needs to sign. Just select which apply and Fiverr Enterprise will automatically send them to your new freelancer for you. And as soon as they're signed, they get instantly archived in your company's portal. And this works for international freelancers too. Once your legal, finance and IT teams' policies are defined, the rest runs like clockwork. The best part? No more scanning and emailing contracts, and chasing emails with calls and more emails, everything is e-signed.

Tax Compliance Demystified

Fiverr Enterprise collects all tax and payment info from your talents and runs KYC and AML compliance checks on them for you. 1099s, W-9s and W-8BENs and more, Fiverr Enterprise handles it all. No more nasty surprises, and you'll be able to maintain a clean and clear record for your agency.

Workforce misclassification is a thing of the past. Fiverr Enterprise checks all your working relationships in real-time using AI, identifying potential risks and recommending a course of action. You'll be able to quickly rope the right talent into new and exciting projects without the looming fear of exposure.

System Access Streamlined

Fiverr Enterprise also makes freelance talent system access manageable with simple permission control that's at your fingertips. You're able to grant access to new freelancers instantly, and revoke it for talent no longer active with your agency.



Test Drive Fiverr Enterprise

Want a first-hand look at how easy it is to save more time onboarding freelance talent in your agency? Book your demo with us today.

[BOOK A DEMO](#)



About Fiverr Enterprise

Fiverr Enterprise gives you one holistic place to manage your freelancers, providing total visibility over your freelance talent pool. You finally have a macro and micro perspective of your operations - and can improve your overall efficiency in working with freelancers.

Quickly hire talent with Fiverr Enterprise's sourcing service and build an online talent directory for your agency. Freelancers can onboard themselves in up to 24 hours, and payments are streamlined according to each freelancer's payment preferences and currency. Fiverr Enterprise consolidates all freelancer payments into a single monthly invoice. There's no more time lost logging into various platforms to pay freelancers. You have one invoice, one vendor, and all freelancer payments are handled on time - every time, giving you back time to focus on growing your agency.

Fiverr Enterprise makes your entire freelancer management process more efficient and controlled. Which also makes you your freelancers' favorite client to work with.

[See Fiverr Enterprise in action.](#)