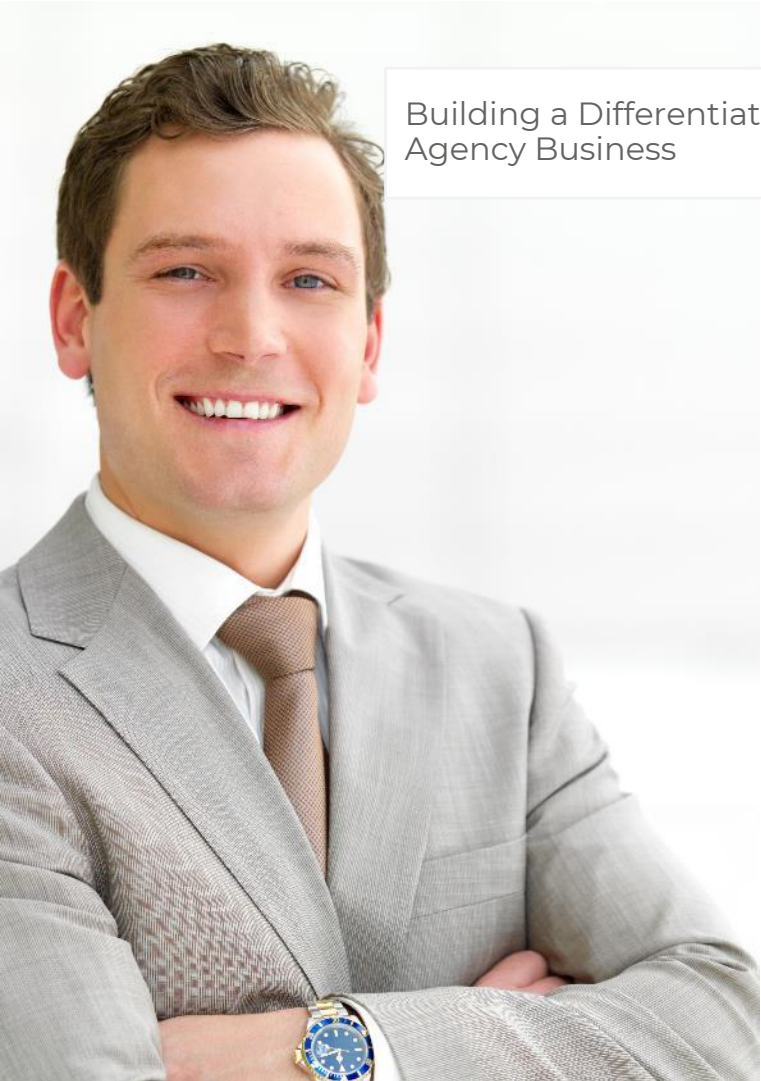




Automating Profitable Growth™



Building a Differentiated and Defensible Digital Agency Business



Building a Differentiated and Defensible Digital Agency Business



In today's digital environment, building a digital agency business is not only challenging but also risky. I know this because of my own experience as CEO and founder of ZINFI, which we started as a channel marketing agency a decade ago. Over the past 10 years we have transitioned into an enterprise-scale, channel automation SaaS organization with multiple Fortune 100 clients. We didn't make this transition to avoid the digital agency business, but rather to build software that can enable many agencies to do what we were doing well—a highly differentiated value proposition that was also a defense against cutthroat competition.

As a business owner or leader of a digital agency, you wake up every day thinking about cash flow, competition and the competencies that you need to defend your organization from competitors. In the end, your people are your primary assets, but it is difficult to retain them as they get poached by competitors or end up leaving you for your client. This is a struggle we faced frequently in our early years, and we still see our peers face it in the marketplace every day. In this article, I will share with you what we were able to do successfully and show you how you can build a highly defensible business which is also differentiated from your competition so you are not always competing on price and worrying about cash flow.



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In a [previous article](#) on this topic, I talked about what Forrester calls the “third wave of business process automation”—i.e., channel marketing automation. I pointed out that if you already have digital marketing competencies, then you can safely expand your market by leveraging this new wave of business process automation, thereby differentiating yourself from your competition. Channel marketing is inherently complex. If you can build competencies that are years ahead of your competition, it will give you a significant edge. Getting a head start to scale can mean everything down the road. Let’s briefly explore how you can do this.

While digital agency requires building competencies in content, creative design and various tactical marketing tools like email, social media, search and print, channel marketing requires that you bring not only all of these areas of expertise, but also channel management expertise that is vertical-specific. Today, with the right tools, if you are already servicing customers in certain segments or industries, you can build on that vertical domain expertise and go much deeper with channel marketing expertise.





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This brings us to one of the best things about channel marketing: If your organization is already process-driven, you can take a structured approach and quickly build various competencies around recruitment, training, enablement and management of channel partners. Our blog at www.zinfi.com/blog is loaded with articles and content about topics related channel marketing, and we can also work with you to help you learn how to master channel marketing in a step-by-step fashion. The more you learn about various channel process activities and how to automate them, the deeper your expertise and the less likely that your competitors will be able to replicate your efforts overnight. Perhaps most importantly, developing [channel marketing automation](#) competency also makes you invaluable to your client base.

No matter how good the economy is, there will be downturns and companies will be forced to cut their direct marketing budget. This happens in every recession, and it will happen again during the next one. At that time, you will have fewer opportunities and will be forced to cut costs, and you may end up losing those very important “people competencies” when the economy come back to life and you have projects again. However, by developing channel marketing automation expertise at your digital agency, you can mitigate these contingencies and recession-proof your business. It worked for us, and it can work for you.



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We started ZINFI as a channel marketing agency in 2008 in the middle of a deep recession, but were fortunate enough to get project after project, not only because what we did was unique but, most importantly, because our customers' channel activities never subsidized. In fact, while most companies reduce their direct spending during a recession, in many cases they are forced to maintain or increase their channel spending.

Why is this the case? Think about a recession in terms of numbers: If an economy shrinks 3% (average contraction during a recession), profit margin drops by 10% to 20%, and the first thing companies do is cut direct costs (people and programs). However, 97% of the selling activities remain. Head counts are reduced, but channel development dollars don't get cut. During this phase, customers are forced to outsource more, and this is where your business can come in as a valuable stepping stone. Also, when the economy comes back, companies do not necessarily hire up at previous levels to replace the resources they had to let go because, with your help, they've found ways to do things more efficiently. On top of all those advantages, your organization ends up building valuable expertise that you can leverage to get more clients.





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This is not theory. This is how we built a global business with a couple hundred channel professionals and, using the free cash flow from satisfied customers, built a world-class product. We are now ready now to apply these lessons, along with our deep industry knowledge and advanced products, to enable agencies like yours who want to go after the future and pursue the third wave of business process automation.



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