



# Benchmark Report 2021

For agencies  
under \$1M

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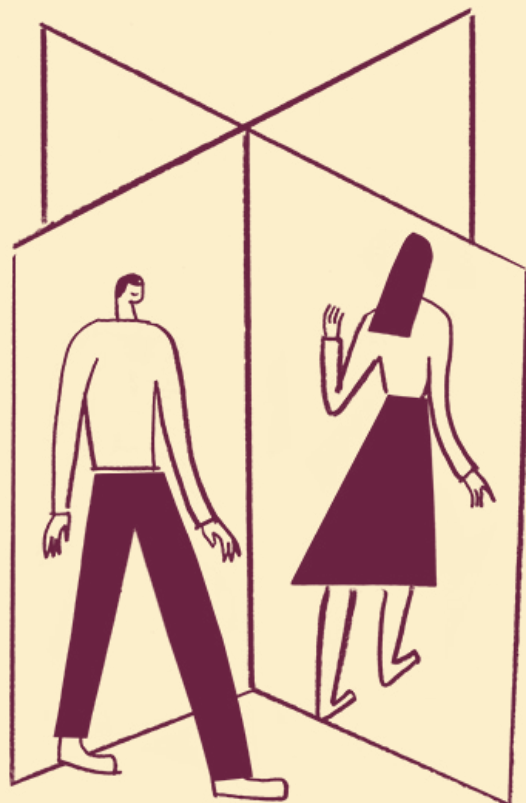
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# Hello.

All of us at Mailchimp want to thank you for participating in the Mailchimp & Co Benchmark Report, our first-ever agency and freelancer survey.

Over the years, we've heard from many of you that as you're working and growing on your own, you want to learn more about what others are doing and how they're finding success. That sparked this initiative to gather and share our report on the most important insights of the past year.

And what a year. None of us could have predicted the tectonic changes we experienced throughout 2020. From speaking with many of you directly, I know there were many highs and lows last year, and it wasn't "business as usual" for anyone.

Of everything I've observed, the stories that are most amazing to me are those of resilience and perseverance, innovation and adaptation.

**In a year when it was legitimately a challenge to survive, so many actually managed to adapt, to improve, to grow, and to thrive. I see you out there, and I want you to know that you inspire me.**

Here at Mailchimp, the year wasn't without its challenges. But it was also a time of huge excitement, as we officially launched Mailchimp & Co, our global community exclusively for freelancers, designers, and agencies.

Of all the things we've all learned this year, it's that the power of community—to inspire, to support, to teach, to learn—remains one of our most important tools.

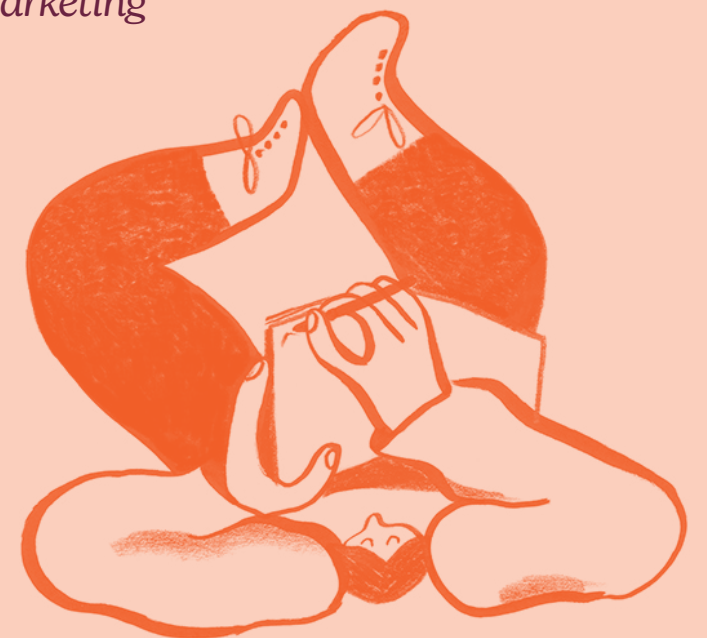
And with that, we're proud to share our first ever global survey of freelancers and agencies, brought to you by Mailchimp & Co. We'll follow up with publications where we get into more detailed analysis, as well as information on members-only special events.

And, don't forget to join Mailchimp & Co—for free—if you haven't already.

Please enjoy the study, and again, thank you.

**Sean Cook**

*Vice President of Partner Marketing*  
Mailchimp



# About Mailchimp & Co



You help your clients grow their businesses using Mailchimp. So we designed a community to help you grow yours.

Created with the specific needs of agencies and freelancers in mind, Mailchimp & Co is a community designed to help you expand your expertise, build your network, simplify your work, and get rewarded with insider perks and exclusive resources.

Whether you're just starting out as a freelancer, have landed your first couple of clients, or are a full-blown agency with lots of accounts, Mailchimp & Co is here for you and your business.

If you haven't already signed up, you can do it [here](#).





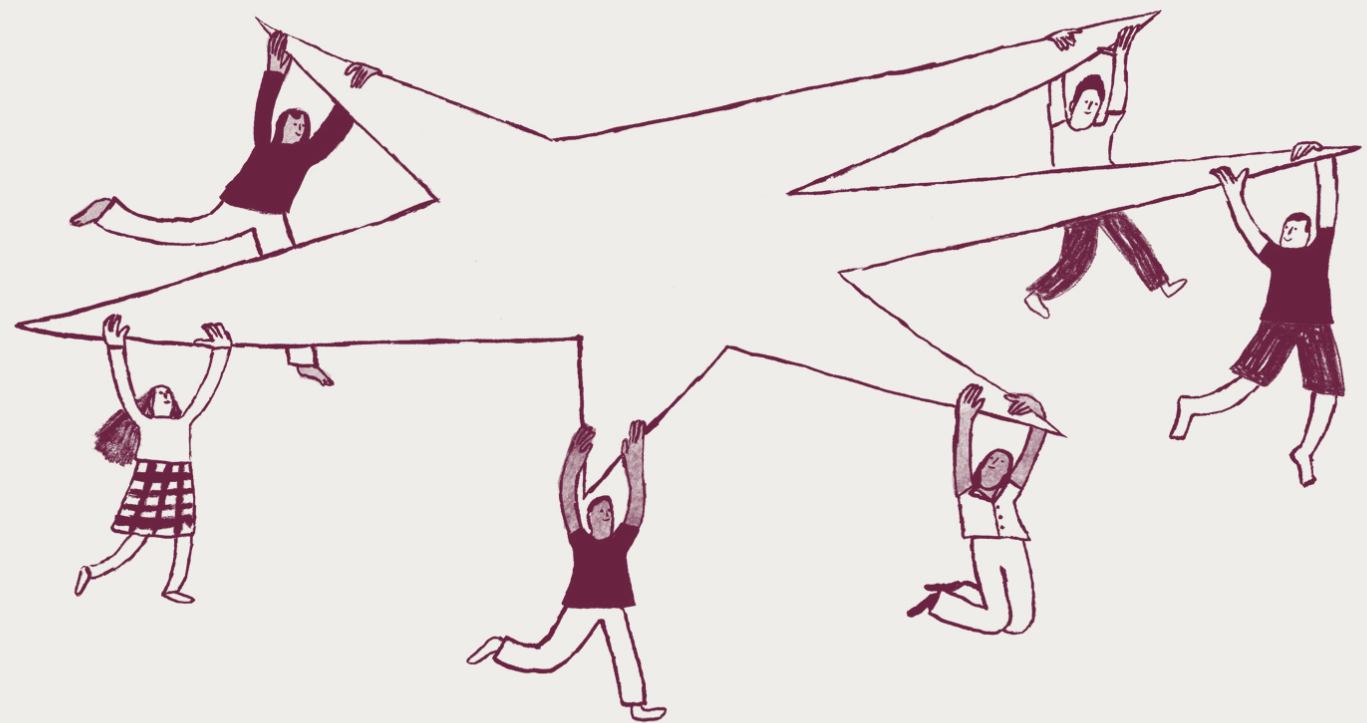
# Who completed the survey

When we started thinking about this survey, one of our first mandates was to make sure that it was truly representative of our community, and truly global in scope. With your help, we delivered!

We had

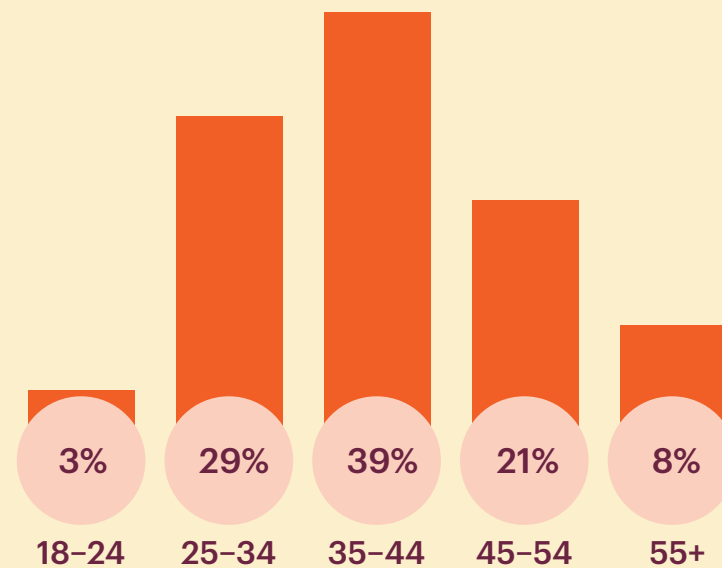
**2,000+**

respondents, including  
1,382 agencies and  
623 freelancers from  
44 countries.

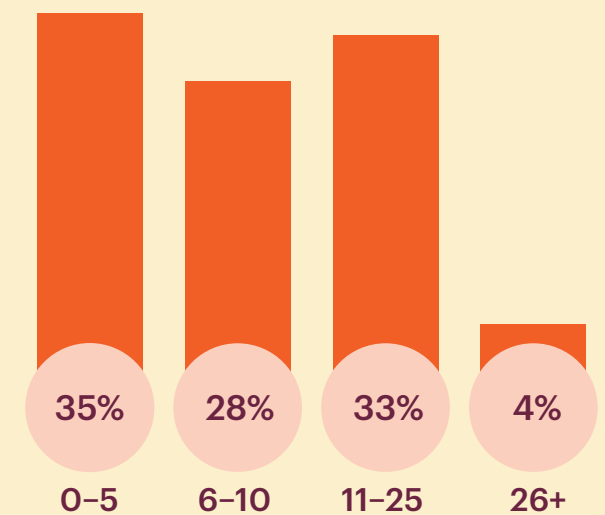


# Agencies by the numbers

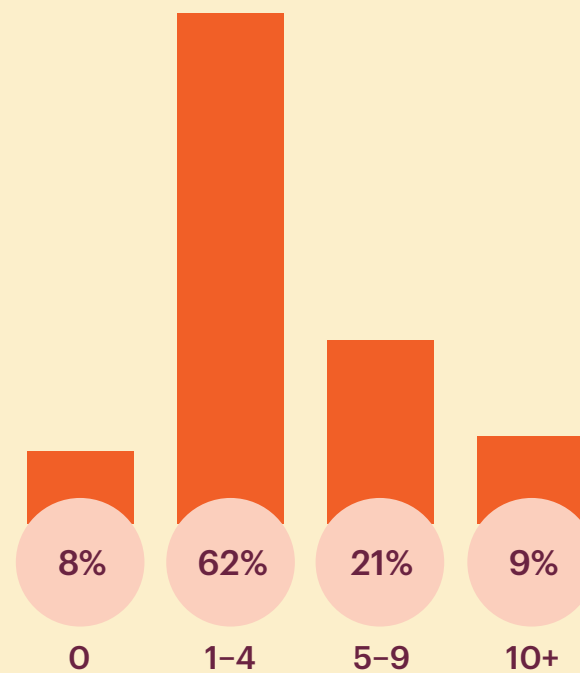
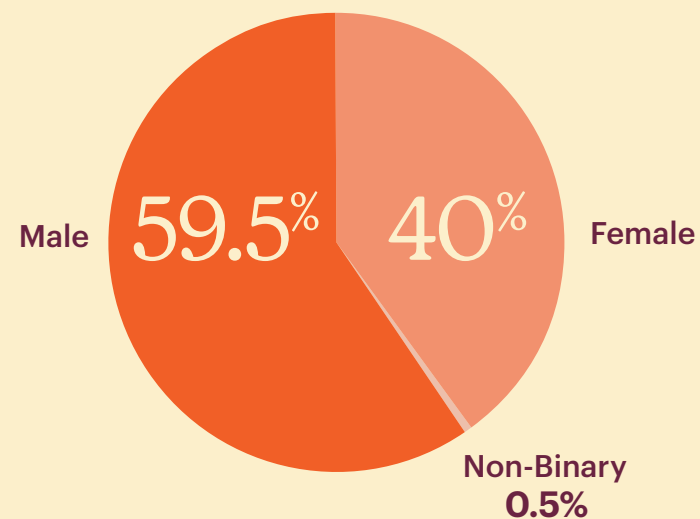
Here's a breakdown of survey respondents—a diverse mix of agencies and owners at all stages of growth.



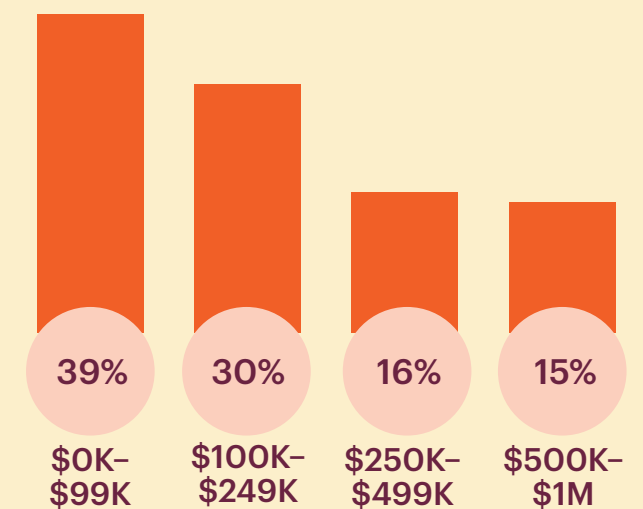
AGE OF AGENCY OWNER



YEARS IN BUSINESS



EMPLOYEES



REVENUE



# Type of agency

## An industry of specialists

Interestingly, only 10% of agencies described themselves as “full service.” The rest are positioning themselves as specialists, which can help agencies carve out their own niches, create their own opportunities, and keep growing their business on their terms. Below are the words that came up most often when we asked you to describe your business.

Consultancy Exhibitions / Events / Experiences  
Print **Marketing** Design  
Creative Advertising Training  
Email Marketing Branding Digital  
Strategy PR Media Content  
**Full Service / Integrated**  
Ecommerce UX  
Online Marketing / Search / PPC / SEO  
Other type of niche agency B2B Demand Generation  
Communications Development



# The power of benchmarking

## Insights to help you run a better business

This report was created in partnership with BenchPress and The Agency Collective. It's designed to let you compare your business to agencies around the world in several key areas, including hourly rates, profitability, and sales performance.

Along the way, we'll be sharing some tips and best practices, too—insights that have the power to transform your business and help you grow your own way.



CREATED IN  
PARTNERSHIP  
WITH



Join Mailchimp & Co ►



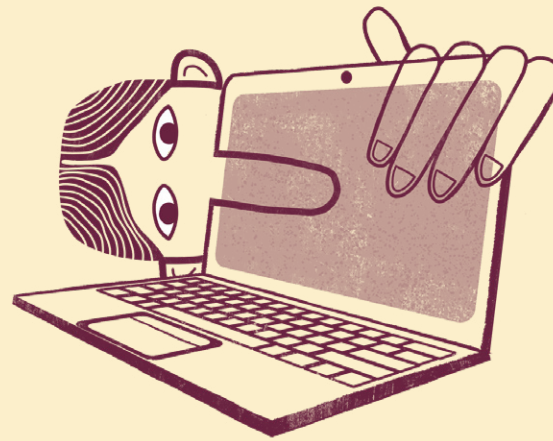
# The Headlines

Our biggest takeaways from a year like no other.



## Agencies are feeling positive

Despite the challenges 2020 presented, many agencies saw the past year as a positive professional experience overall, with 23% describing it as their “best year ever.” What’s more, 22% grew their teams in 2020, 50% saw revenue increase, and 75% plan to recruit in 2021, as confidence returns.



## New ways of working

A whopping 23% say they’ll ditch the office forever, on top of the 40% that had already done so. What’s more, even those with offices are looking further afield for talent: 61% say they’ll recruit people outside commuting distance.



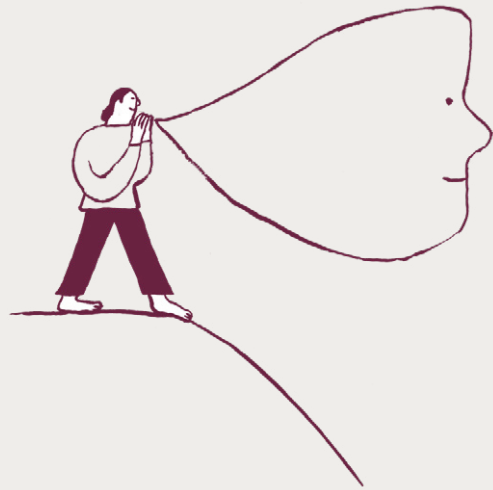
## Many are carrying extra debt

Many agencies faced significant financial challenges in 2020, and 39% of agencies reported taking on additional financing. Without it, 29% say they’d already be out of business, and 36% would be on the brink of bankruptcy.



# Key stats

Facts and figures to get you thinking.



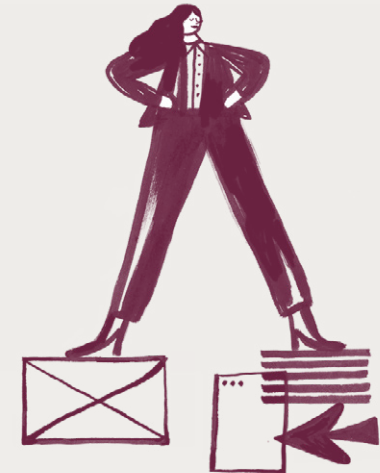
## Referrals are #1 when it comes to new business

42% of agency owners said referrals were their most effective way to find new business. Learn more about referrals in “The Work,” starting on page 30.



## The top 10% charge \$250 per hour

The average hourly rate charged for agencies using a single, blended rate is \$120 for agencies in North America and \$94 for those in other countries. Agencies using tiered pricing are charging more, with the top 10% of our respondents billing directors out at \$250 per hour. Learn more about rates in “Money Matters,” starting on page 15.



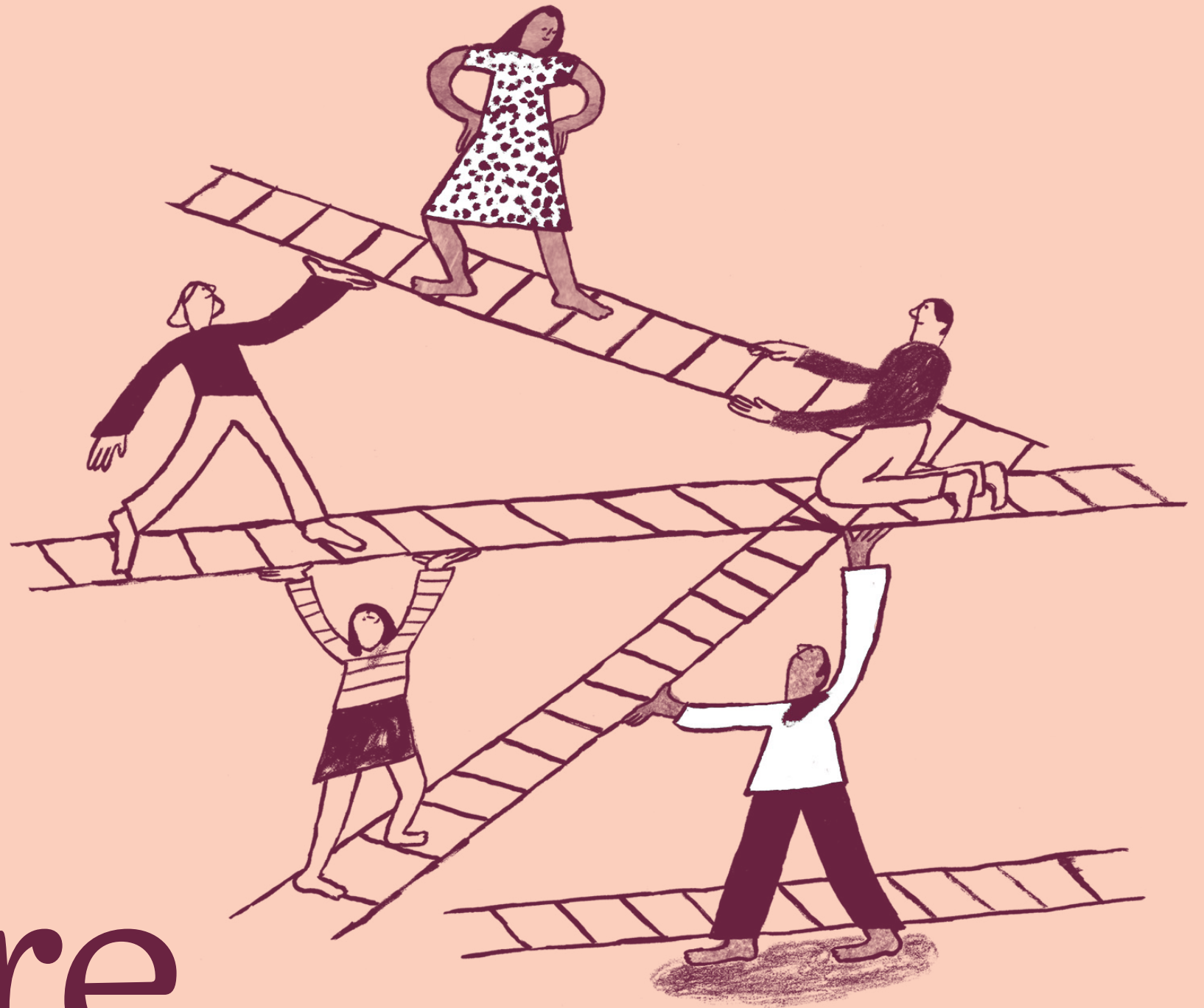
## Leading agency owners earn \$100K+ per year

The average agency owner in North America earns \$58,621, around \$7K more than their counterparts in other countries. 21% are drawing \$75K per year or more, with 15% drawing over \$100K. Find out how you compare and how the size of your agency will impact your earnings in “Money Matters,” starting on page 15.





# Big picture 2020





# A year to remember. And to forget :)

Let's be honest: very few of us are sad to see 2020 in the rear-view mirror. It was a challenging, tiring year.

But your responses reminded us there's lots to feel good about at the end of the day.

Here's a top-line view of some of our findings.



# The good

Amazingly, we heard a lot of feel-good stories:

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**50%** SAW REVENUE INCREASE

---

**22%** GREW THEIR TEAMS

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**Of note:** For many, 2020 provided a nudge to rethink and revitalize how they work, and they think this will pay big dividends for years to come.



# The not-so-good

Still, many others reported a tough year:

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**4%** SAID IT WAS THEIR MOST CHALLENGING EVER

---

**38%** REPORTED DECREASED REVENUE

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**Of note:** Many say they're carrying more debt, and that it may impact their business decisions for some time to come.

Pro tip: Make this the year you help someone out, or ask for help. There's strength in numbers. (A big reason we created Mailchimp & Co, by the way!)



# What were agencies saying?

Candidly, 2020 was a tough one for agencies. We saw the lowest growth numbers in nearly a decade.

That said, many reported they were still feeling positive. We asked owners and freelancers why.

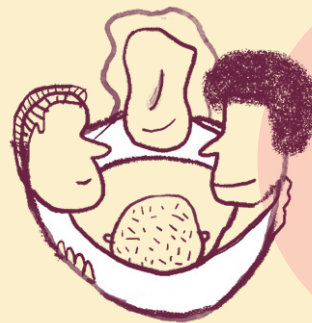
First, for many agencies, **2020 provided a long-overdue nudge to optimize their business and reap the rewards.** The year's challenges became opportunities to revamp their business model, service offerings, team structure, new business strategy, and ways of working.

Secondly—and maybe more surprisingly—there was just quite a lot of good news across the industry: **50% of agencies actually saw revenue increase** and **22% upsized their teams.**

Here's how you described what happened in 2020.



**23%**  
Best year ever!



**29%**  
We did well



**37%**  
We did OK

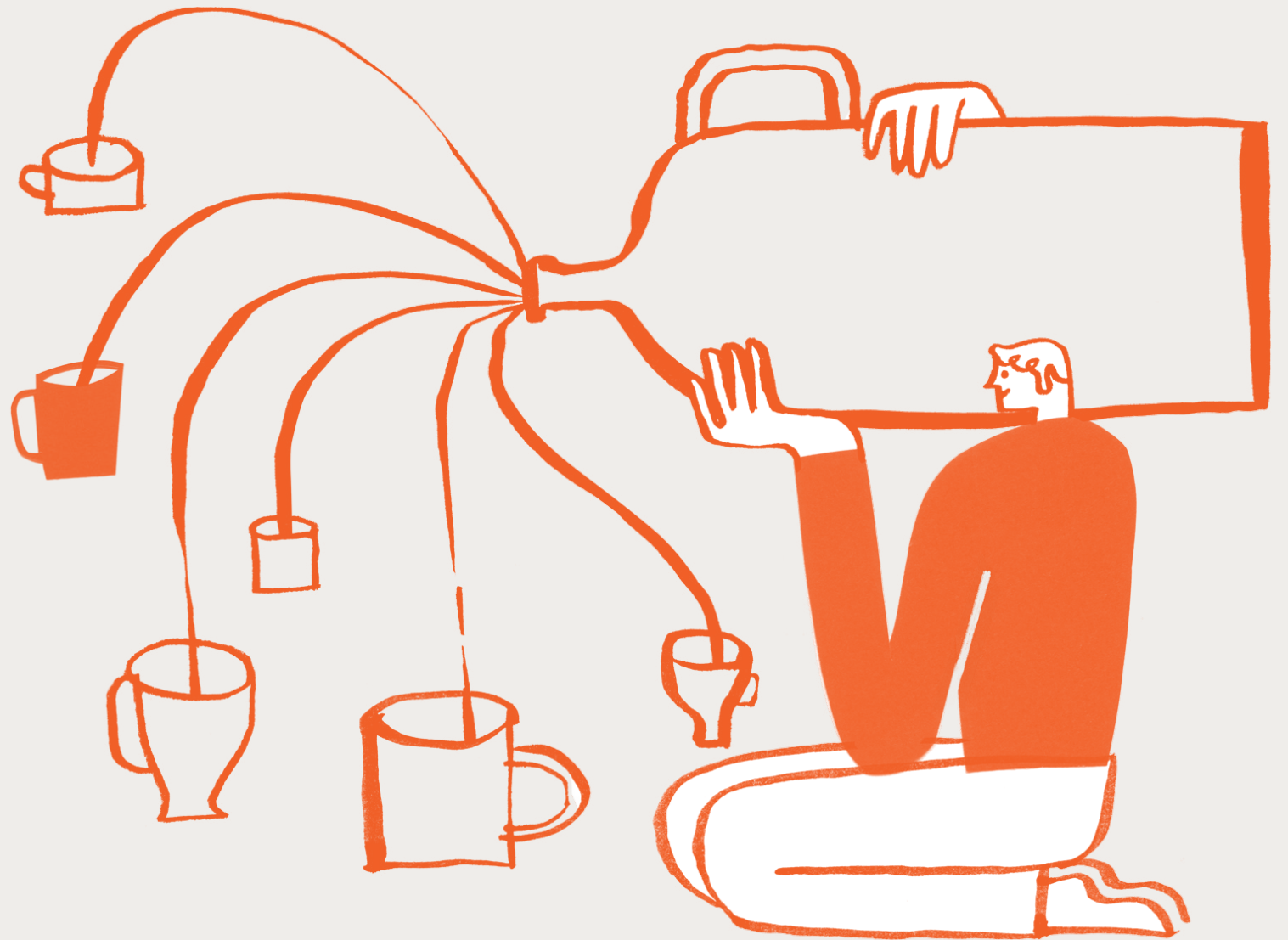


**7%**  
We struggled a bit



**4%**  
Our toughest year ever





# Money matters



# Let's look at the numbers.

If you want figures on the global economy in 2020, you have lots of options. But agencies are unique in many ways, especially when it comes to the numbers.

That's why we wanted to collect and share our findings on how agencies are being financed, how they price their offerings, and how they measure profitability.

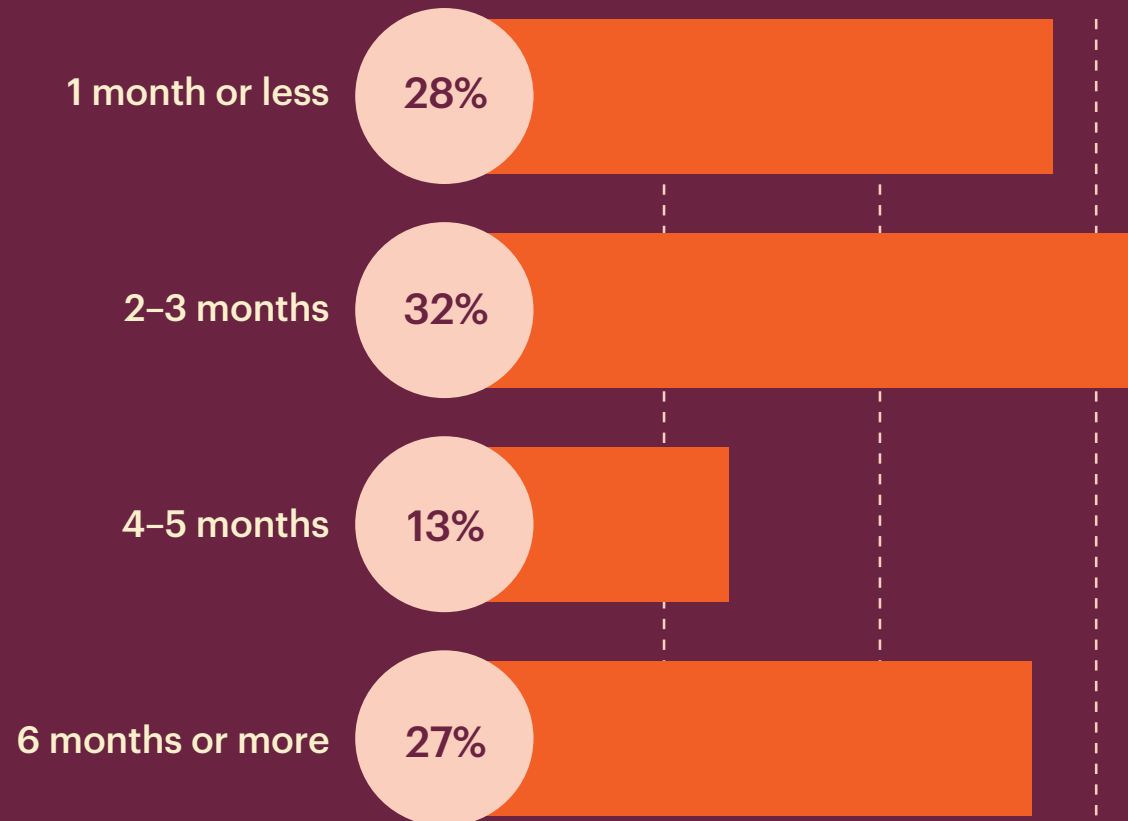
Where do you stand? Let's dive in.



# Cash

We were curious to see how much cash agencies were holding to buffer 2020's unpredictable business environment.

## HOW LONG COULD YOU RUN WITH THE CASH YOU CURRENTLY HAVE ON HAND?\*



\* Total business costs (including paying yourself)

27%

### OF AGENCIES HAVE LARGE CASH RESERVES

Six months or more of your overheads as cash in the bank.

28%

### OF AGENCIES ARE RUNNING LEAN

One month or less of your overheads as cash in the bank.



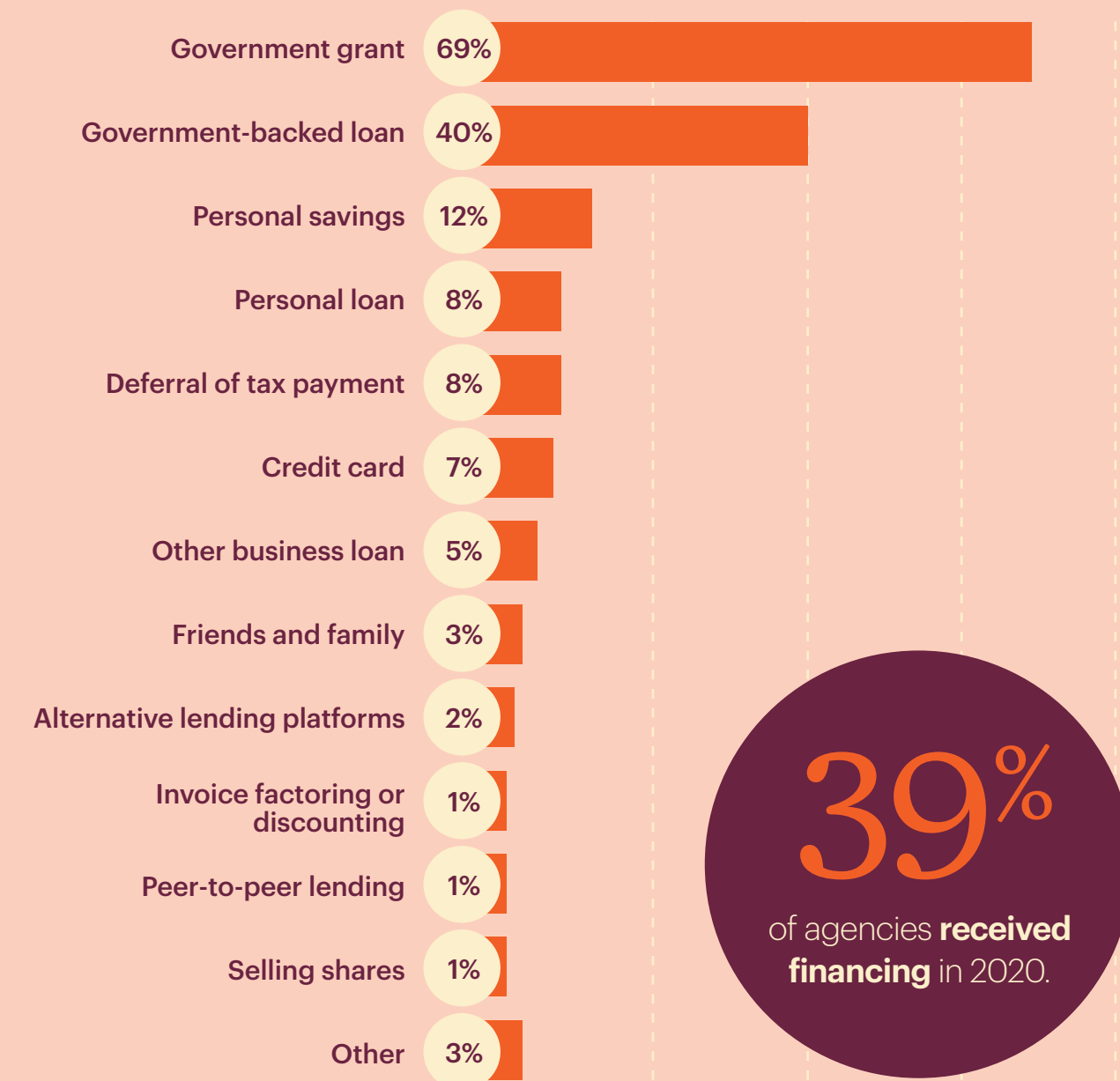


# Financing

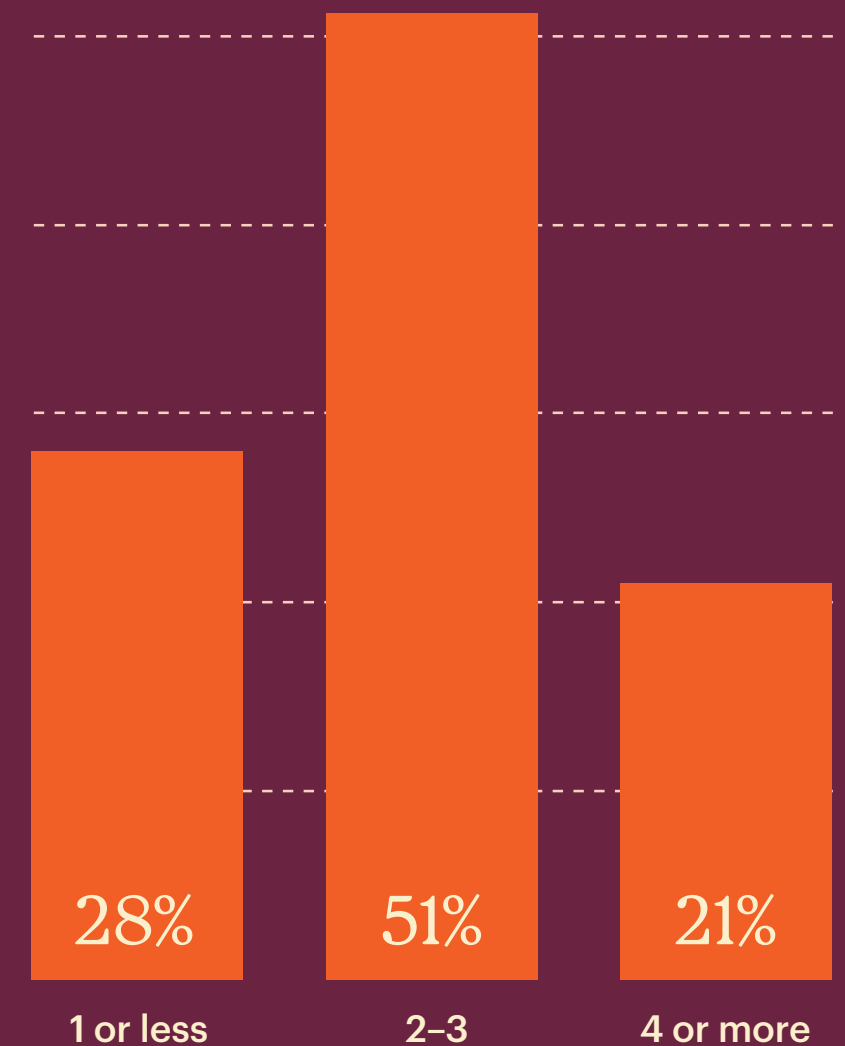


In 2020, 39% of agencies reported drawing on external sources to finance their operations. Here are the top sources.

## FINANCING SOURCES IN 2020



In 2020, how many months of your agency's total business cost did you receive from sources other than billings?

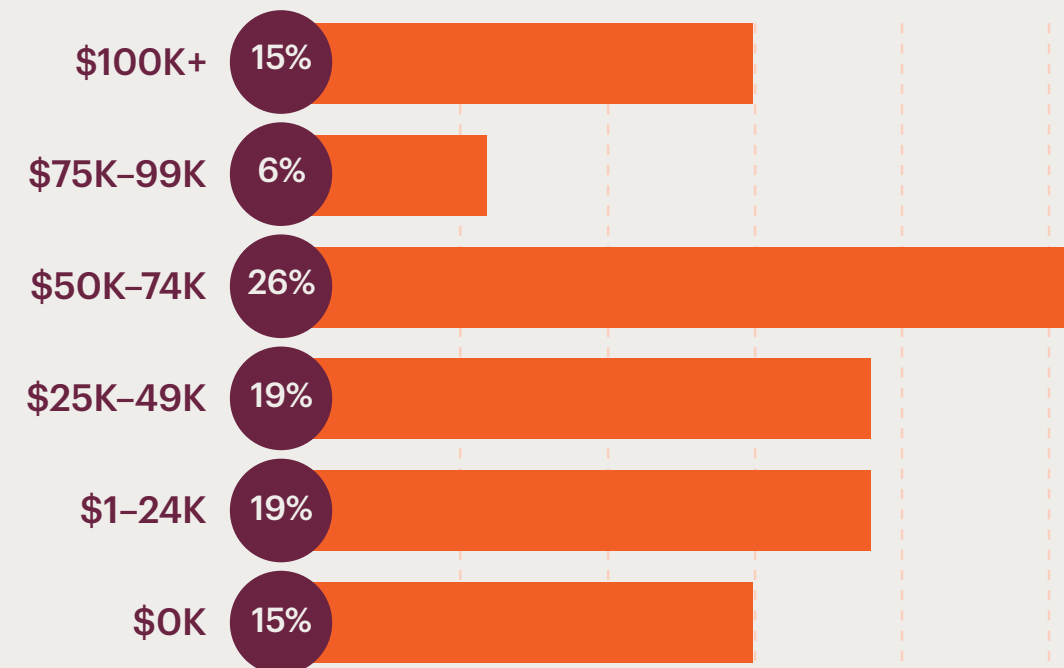




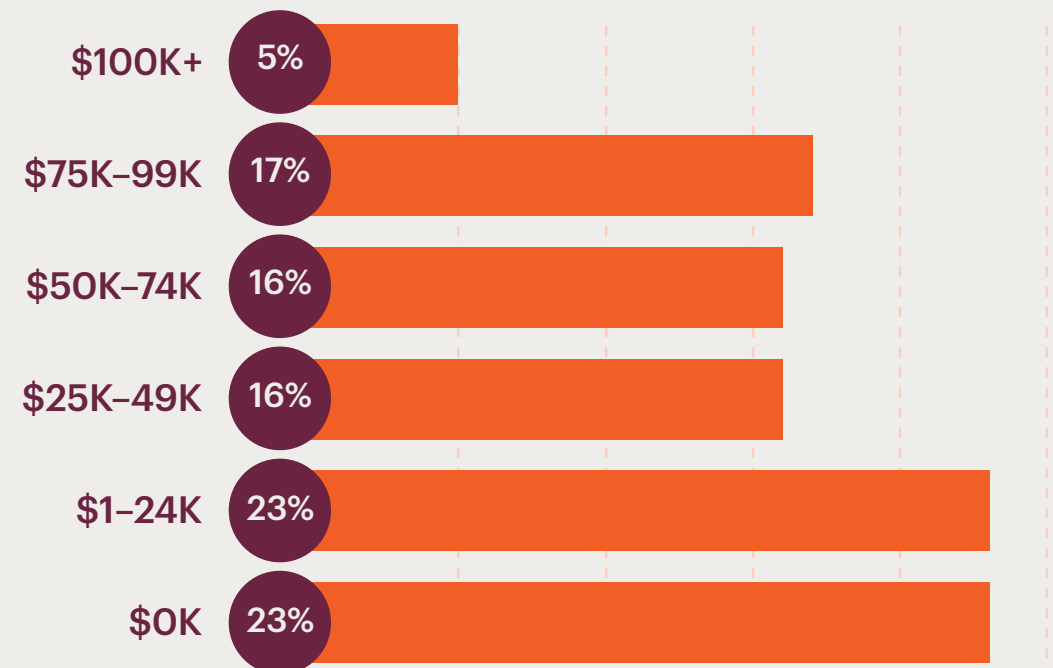
# What agency owners earn

In addition to asking about the financial health of agencies, we wanted to see how their owners were doing. Here's what we found:

**ANNUAL PERSONAL INCOME OF AGENCY OWNERS  
(IN NORTH AMERICA)**



**ANNUAL PERSONAL INCOME OF AGENCY OWNERS  
(IN OTHER COUNTRIES)**



**THE AVERAGE AGENCY OWNER IN NORTH AMERICA EARNS \$58,621 PER YEAR**

**THE AVERAGE AGENCY OWNER OUTSIDE OF NORTH AMERICA EARNS \$51,308 PER YEAR**

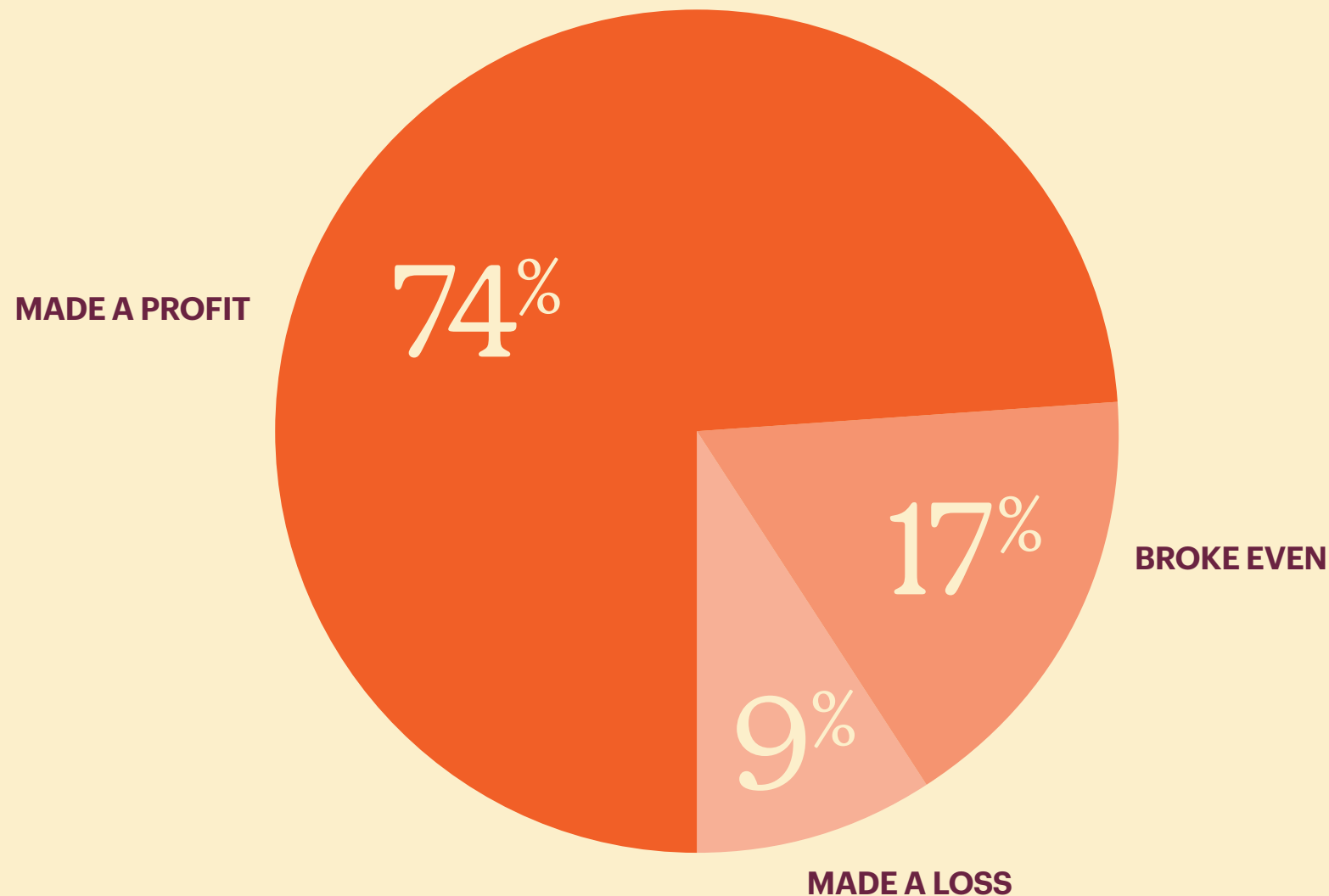


# Adding it all up at the end of the year

There's an old expression: "the bottom line is the bottom line." In this unprecedented year, that bottom line was better than many expected, with only 9% of agencies reporting a loss.



In 2020:



# Tips to keep your cash flow flowing



Managing cash flow has never been more important, so we put together some tips to help you make it happen with your clients.

## 1 Open with openness

Be candid about your terms in proposals and pitch docs. Getting clarity from the start will go a long way in defining your relationship.

## 2 Set up for success

If you need a deposit to get started, make sure to let your client know it's not just necessary, but actually the fastest way to get your resources allocated. Try to avoid saying it's just your policy, so that clients don't feel overly pressured.

## 3 Take a phased approach

Avoid scheduling a large payment for the very end of the project. Link your payments to key project milestones and invoice regularly throughout the process. It keeps your agency more liquid but also avoids end-of-project sticker shock.

## 4 Find allies in accounting

Especially with larger clients, your invoices can unfortunately get lost in the shuffle sometimes. If you can, build a relationship with someone in accounting so you can check in if an invoice or expense report seems to be stuck in the system.

## 5 Be systematic

Make sure to review your receivables at least once a week and schedule time to make check-in calls if necessary. If you're one of those people who's not comfortable making calls like this, is there someone on your team who could help?





# Pricing



# Pricing matters.

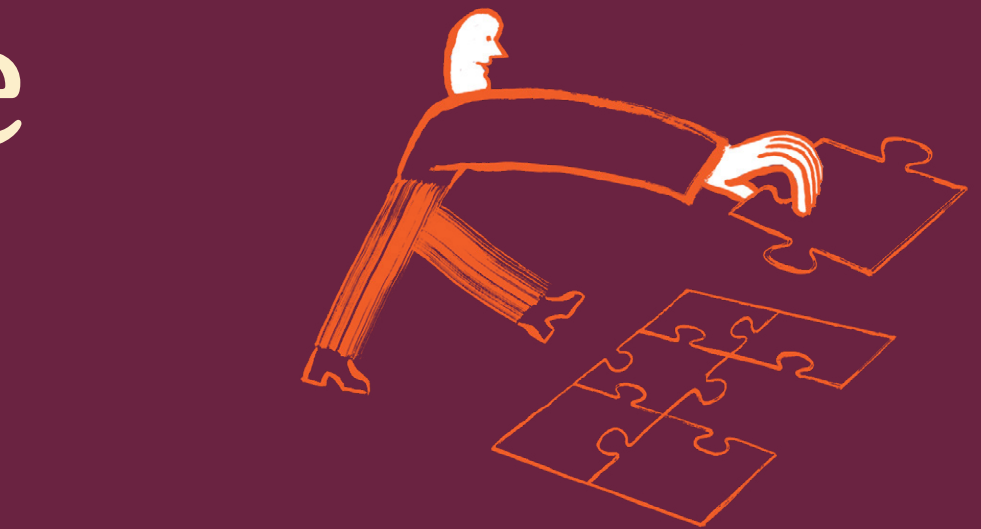
An agency's identity isn't just defined by its clients and its work—it's also defined by how it charges clients for that work.

In the following pages, we explore pricing models across the industry.



# How agencies price

We spoke to many types of agencies doing a wide variety of work. Not surprisingly, we saw a wide variety of pricing models, too.



## AGENCY PRICING METHODS



## Blended or tiered?

There are lots of ways to price, but in this report, we zeroed in on the most common two approaches.

75%

### USE A BLENDED RATE

A single rate that applies to all team members

25%

### USE TIERED PRICING

A different hourly rate for each team member



# Hourly rates (blended rate)

Hourly rates under a  
blended model

A lot of things can affect pricing: your service offering, your size, the number of years you've been operating, or where you're located, to name just a few.

That said, we wanted to get a sense of the averages across the globe, just so you can see where your agency fits in. The next three slides provide these benchmarks for both blended and tiered rates.



## WITHIN NORTH AMERICA

\$200	– Top 10%
\$150	– Top 25%
\$120	– Average
\$75	– Bottom 25%
\$48	– Bottom 10%

## OUTSIDE NORTH AMERICA

\$138	– Top 10%
\$120	– Top 25%
\$94	– Average
\$60	– Bottom 25%
\$30	– Bottom 10%





# Hourly rates (tiered pricing)

Hourly rates charged by  
individual team member

## AVERAGE HOURLY RATE FOR EACH LEVEL OF EXPERTISE

	JUNIOR	MID-LEVEL	SENIOR	DIRECTOR
Top 10%	\$120	\$150	\$180	\$250
Top 25%	\$100	\$120	\$150	\$200
Average	\$50	\$70	\$100	\$150
Bottom 25%	\$30	\$50	\$75	\$100



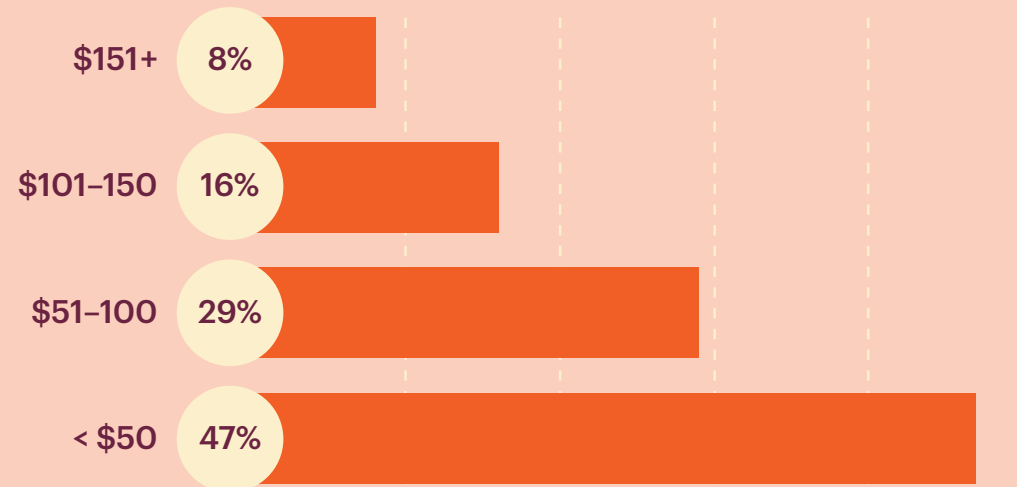
Scroll down for a more  
detailed breakdown of  
tiered pricing at each level.



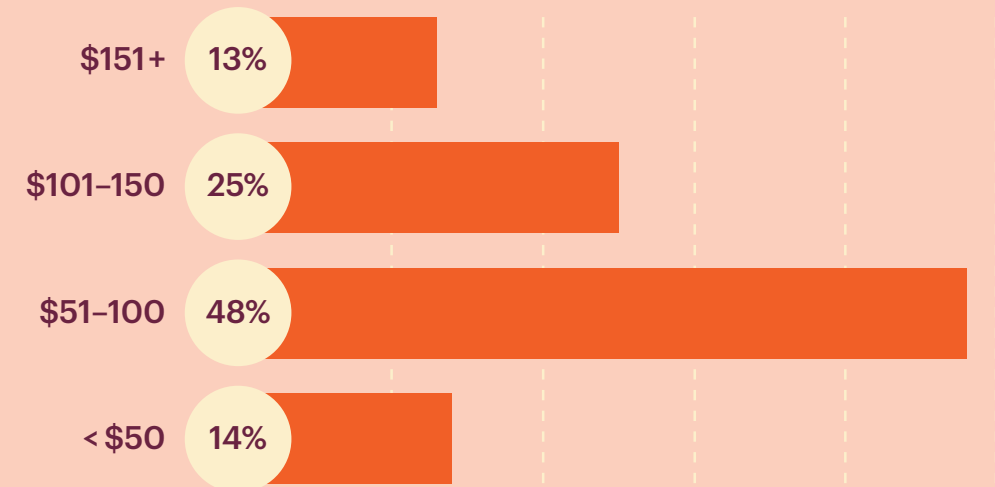
# Hourly rates (tiered pricing)

Here's a breakdown of what agencies using a tiered model are charging per team member.

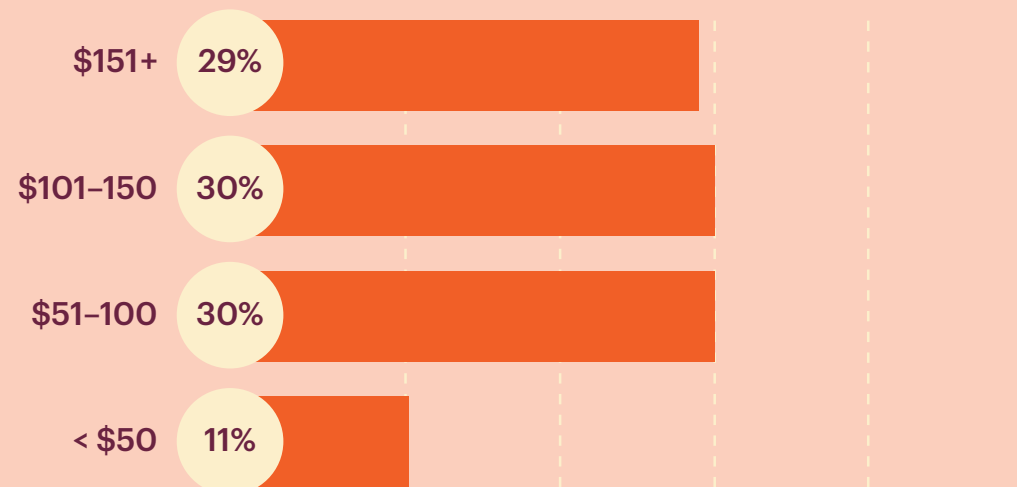
## JUNIOR



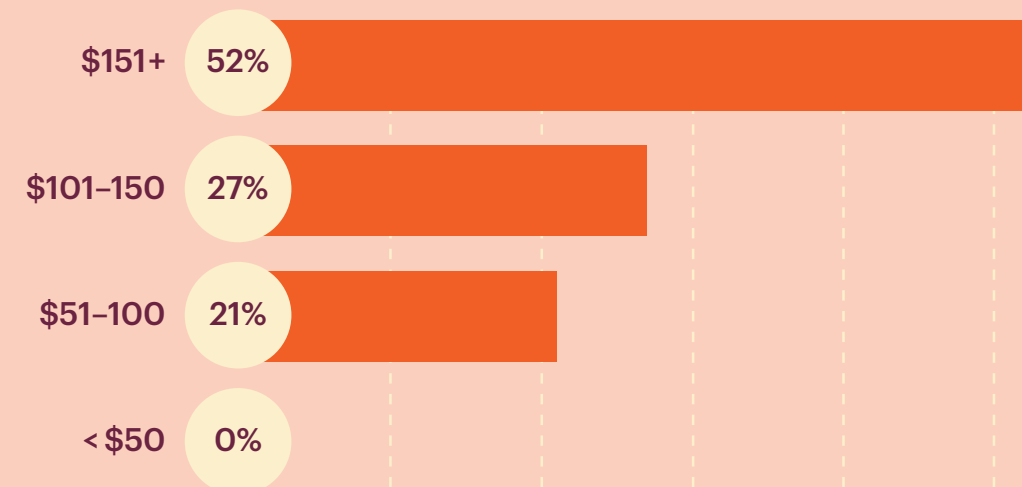
## MID-LEVEL



## SENIOR



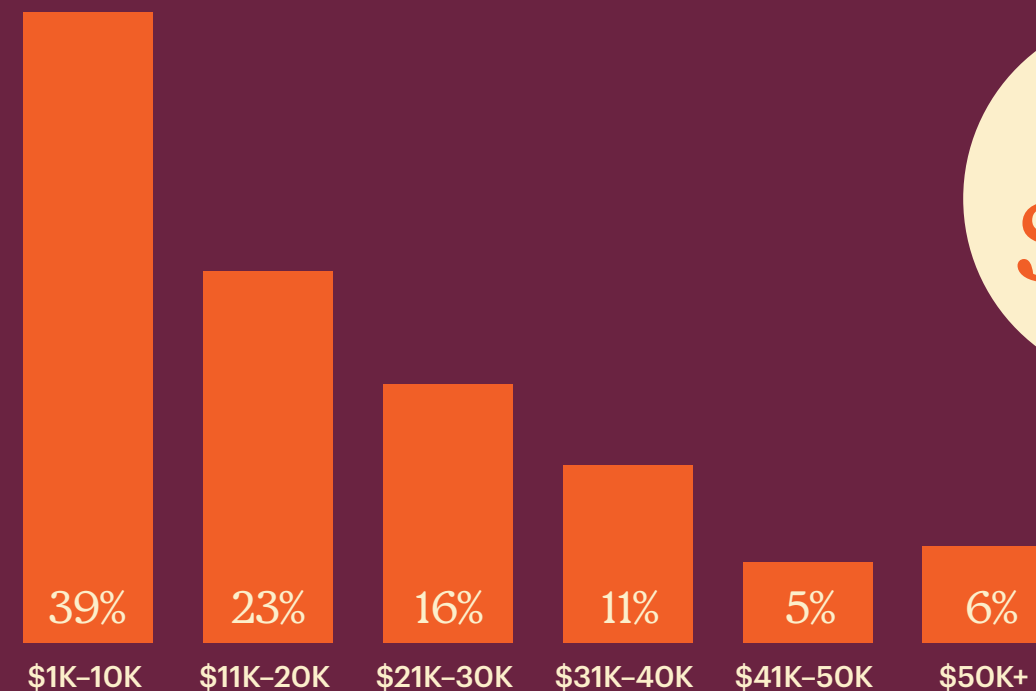
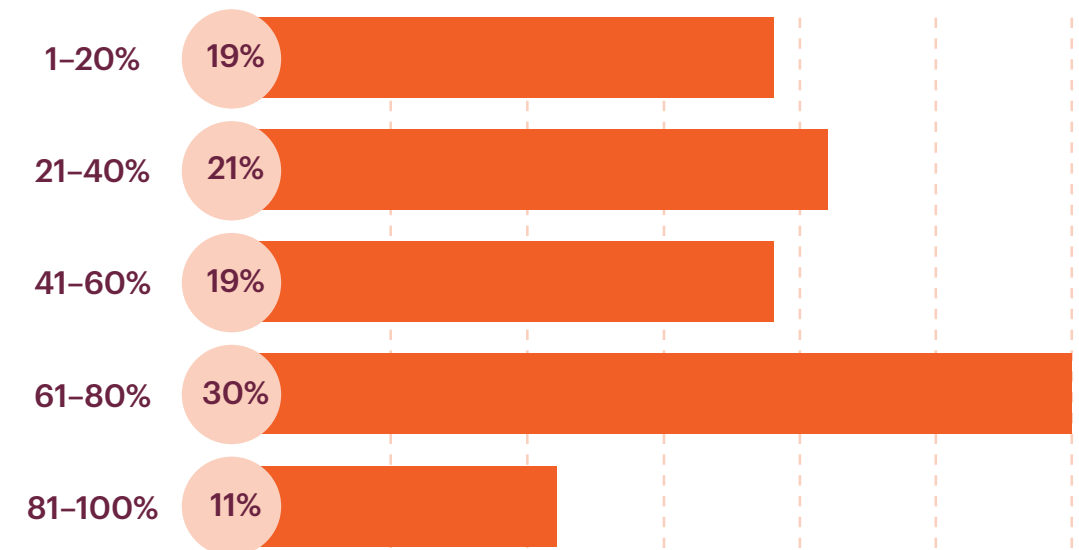
## DIRECTOR



# A note on conversion rates

There's a correlation between conversion rate and average hourly rate: the lower your hourly rate, the higher your conversion rate. If you're converting more than 60% of your opportunities, you're probably not charging enough. Consider bumping your hourly fee: while conversion may go down, your profit will go up. That means you'll be earning more to do less work.

## PERCENTAGE OF PROPOSALS THAT CONVERT TO CLIENTS



The **average value** of a new client is  
**\$10K**

## AVERAGE VALUE OF CLIENTS

### WHY IT'S WORTH INCREASING YOUR AVERAGE PROJECT VALUE

In simple terms, the bigger the projects, the more money you'll make. As one agency owner put it, "A \$50K project isn't ten times the amount of work of a \$5K project."



# Tips to unlock the profit in your agency (and increase your earnings)



1

## See what's profitable (and what's not)

Profits aren't derived evenly across all departments, clients, and projects. It's really important to understand where you make money (and where you lose it), so you can make more informed decisions about what to take on and what to avoid.

2

## Review your pricing

Your costs go up every year; your pricing should, too. For a step-change in your pricing (and profitability), you'll need to sell value, not time. Show your clients that you truly understand their needs, and that you can deliver solutions nobody else can. That's what your clients value, and what they'll pay more for.

3

## Get more from your existing clients

Make sure you have a plan for your key clients and set revenue targets. Once you've established a relationship on one part of their business, see if you can expand into others. Find new ways to learn more about their challenges and demonstrate that you can help solve them. Got a great idea? Pitch it to them, just as you would with a new business prospect.

4

## Enlist your whole team

Increasing profit is a team effort. Help your employees understand why profit is important and encourage them to come up with their own ways to contribute to that larger goal.





# The work



# No two agencies are exactly alike.

Especially in the ways they do what they do.

We dug in to learn more about how you're approaching everything from billing structure to utilization.

What tried-and-true practices are you following? Is there anything you could do to mix things up for 2021?

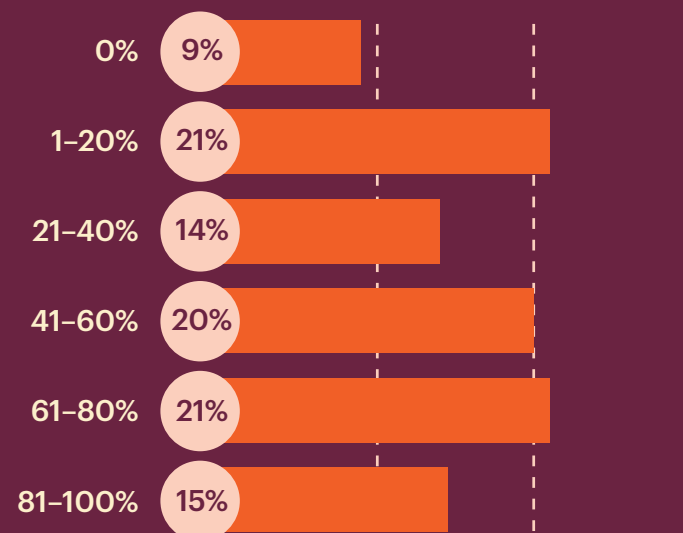
Read on and find out.



# Breaking it down

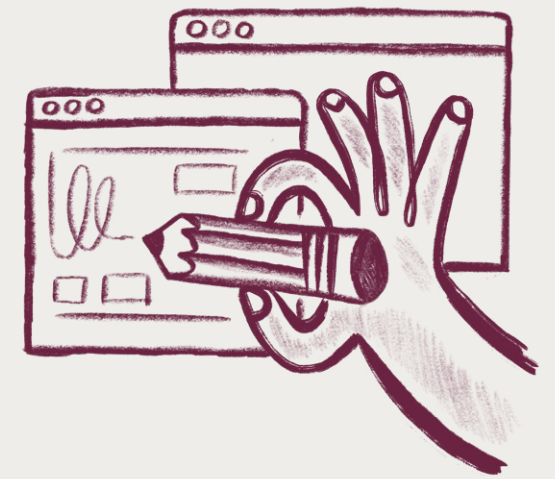
Two trends are continuing to change the way we work: the shift from retainers to project-based work, and an increase in the amount of work for remote clients.

## PERCENTAGE OF CLIENT WORK ON RETAINERS

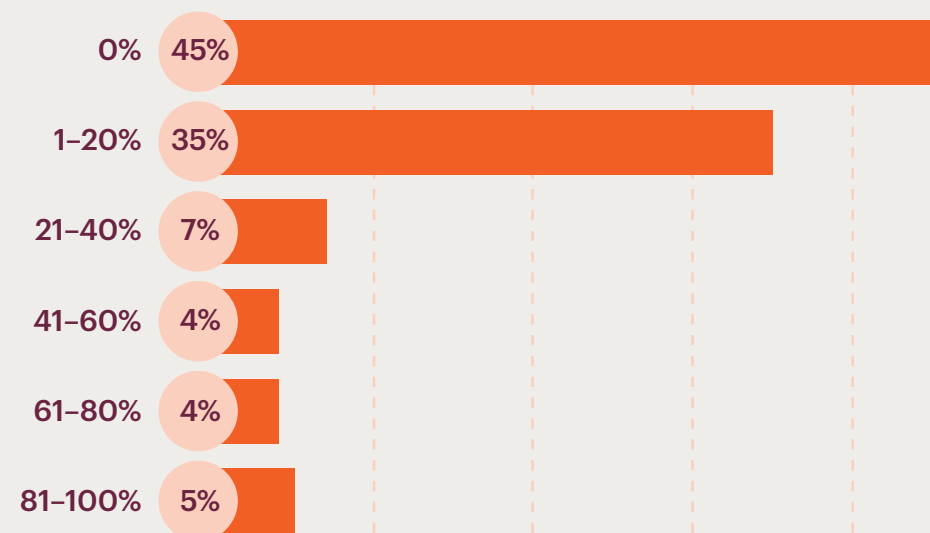


## Project vs. retainer

It's the age-old question: what's the optimal mix of project-based vs. retainer work for your agency? The answer lies in what targets you're setting for each in 2021, and how you'll make them fit into your overall financial goals.



## PERCENTAGE OF CLIENT WORK FROM OTHER COUNTRIES



## Are agencies ready to get more global?

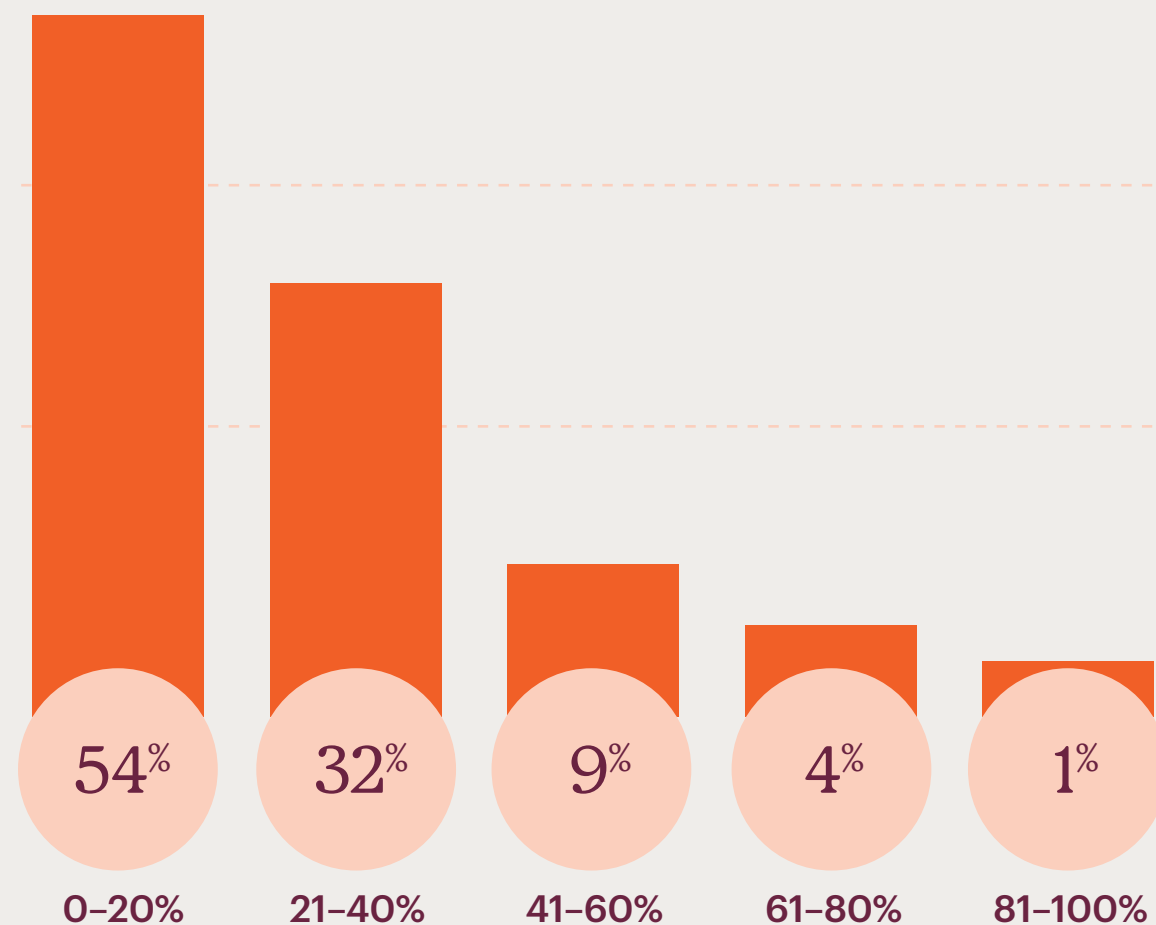
The rise of remote work and video conferencing has done much more than create a boom for sweatpants. It's unlocked new opportunities for agencies to work beyond their previous geographical boundaries. 55% are already taking advantage. Are you?





# Reliance on a single client

Regardless of their project vs retainer mix, many agencies reported heavy reliance on a single client.



LARGEST CLIENT AS A PERCENTAGE OF REVENUE

## 46% of agencies need to take action

For most agencies, there are definitely lots of advantages to having a single flagship client. But if that client represents more than 20% of your billables, there are potential risks, too. Read on to learn how to mitigate them—or even turn them into advantages.



# Simple tips to reduce your risk



As long as they're keeping you busy, there's absolutely nothing wrong with having a single large client. That said, it can be tricky to diversify and shelter yourself from risk. Here are two strategies that can help.

## 1 Make hay while the sun shines

The good news about large clients providing consistent work is that they can sometimes be easier to manage than multiple smaller ones, and more profitable too. Remember that the better you know a client, the more knowledge you have to help them with their marketing efforts. Always ask yourself—and them—if there are new areas of their business you can be helping with.

## 2 Be ready for anything

Even when the relationship is great and you've delivered the goods, remember that your clients sometimes struggle with uncertainty too. That means the risk that projects may get put on hold or disappear altogether. Stay supportive, and remember that proactively helping them navigate their business challenges might be a new way to unlock more business with them—if not now, then in the future.

## If your biggest client left tomorrow, would you be ready?

A tough question. But one worth asking when things are stable and you have the clarity of mind to plan. Here are some others:

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**How long is your runway while you look for new business?**

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**Do you have access to financing if you need it?**

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**Would you have to let anyone go?**

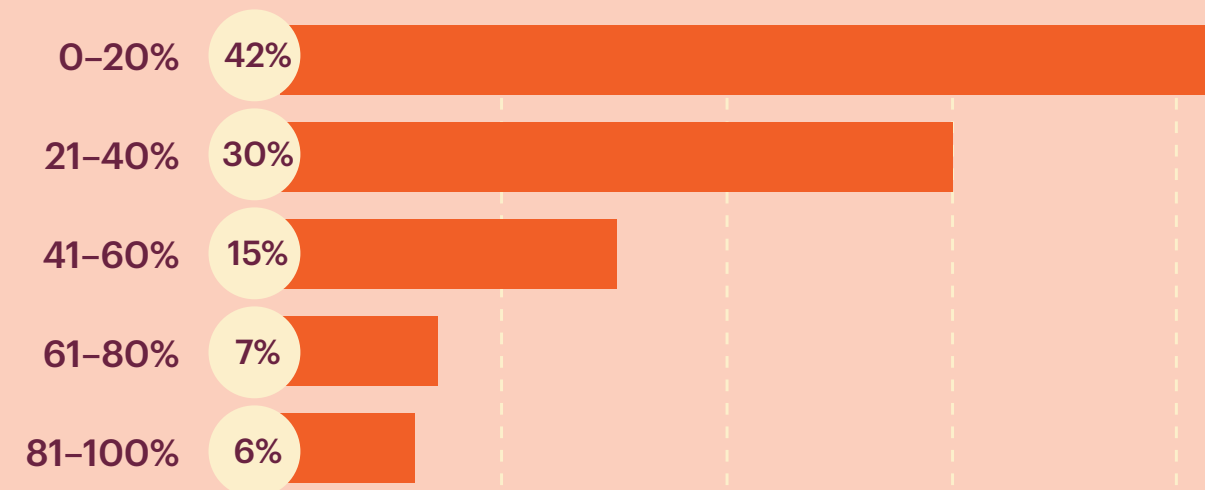
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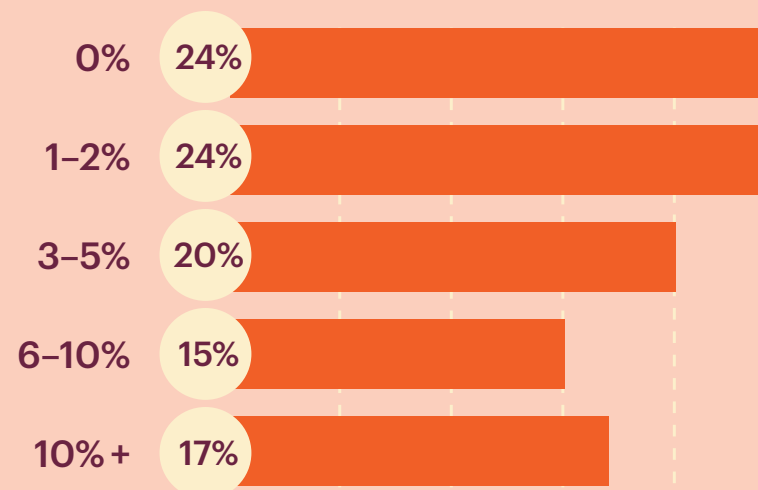
# Going for growth

New business accounted for a lot of the bottom line. While some wins came from marketing, it's important to find the right mix of strategies.

## NEW BUSINESS WON AS A PERCENTAGE OF REVENUE



## PERCENTAGE OF REVENUE SPENT ON SALES AND MARKETING



24%

DON'T SPEND ANYTHING ON SALES AND MARKETING AND INSTEAD RELY ON WORD OF MOUTH.

17%

SPEND MORE THAN 10% OF THEIR REVENUE ON SALES AND MARKETING.

## It's not what you spend, it's what you do.

There's no correlation between marketing spend and an agency's rate of growth.

When it comes to marketing, shift your focus from how much you're spending to how well it's working.

The average agency spends

3.7%

of revenue on **sales and marketing**

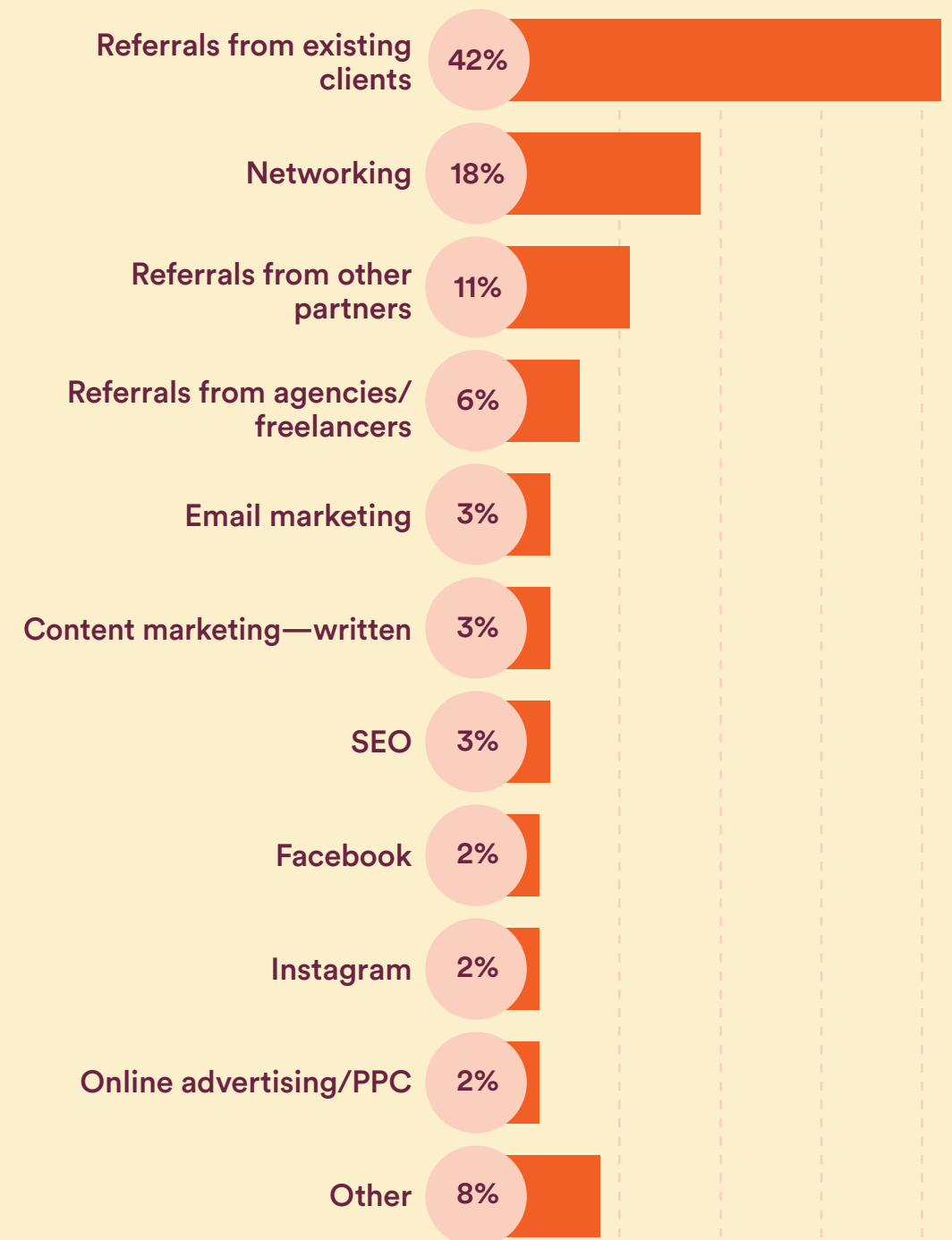


# Winning new business

One clear leader emerged when we asked agencies about the most effective way to bring in new clients: referrals from existing ones.



## NEW BUSINESS STRATEGIES, RANKED BY EFFECTIVENESS



# Three steps to increasing referrals

Since referrals are by far the most effective sales strategy, we wanted to share a few ways to help make them happen in your agency.



## 1 Build the right mindset

Focus on making referrals central to your new business strategy and your agency's whole identity. While some members of your team may be uncomfortable asking for referrals, others may just be waiting for an opportunity to get involved.

Invite your entire team to adopt a growth mindset, and you might be surprised (pleasantly!) when you see who responds.



## 2 Make it easy (and fun)

To help your team bring in referrals, start creating scripts to get the ball rolling. Run through each script yourself, then workshop it with team members to help them make it their own.

Enlist an approachable client or two for practice sessions, or even run a friendly competition between teams to help build momentum.



## 3 Increase visibility

Set targets for the number of referrals you want to generate each month and share progress against these targets. Challenge every team to contribute, not just the senior staff.

Remind your team that referrals are the most effective strategy to help grow your company—and they can come from anywhere.





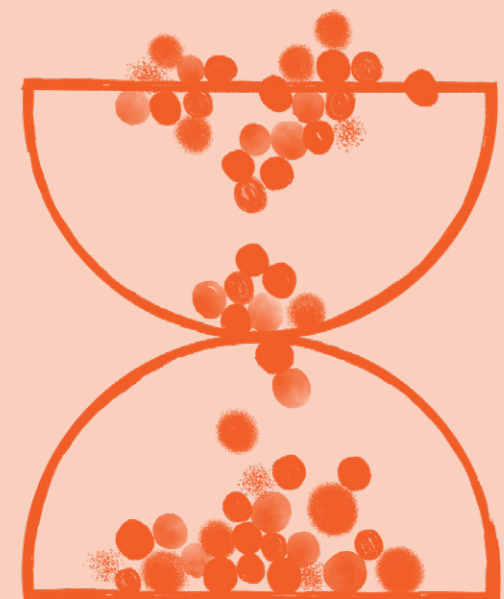
# How agency owners spend their time



# Time is arguably our most precious resource.

How we spend it determines  
our success.

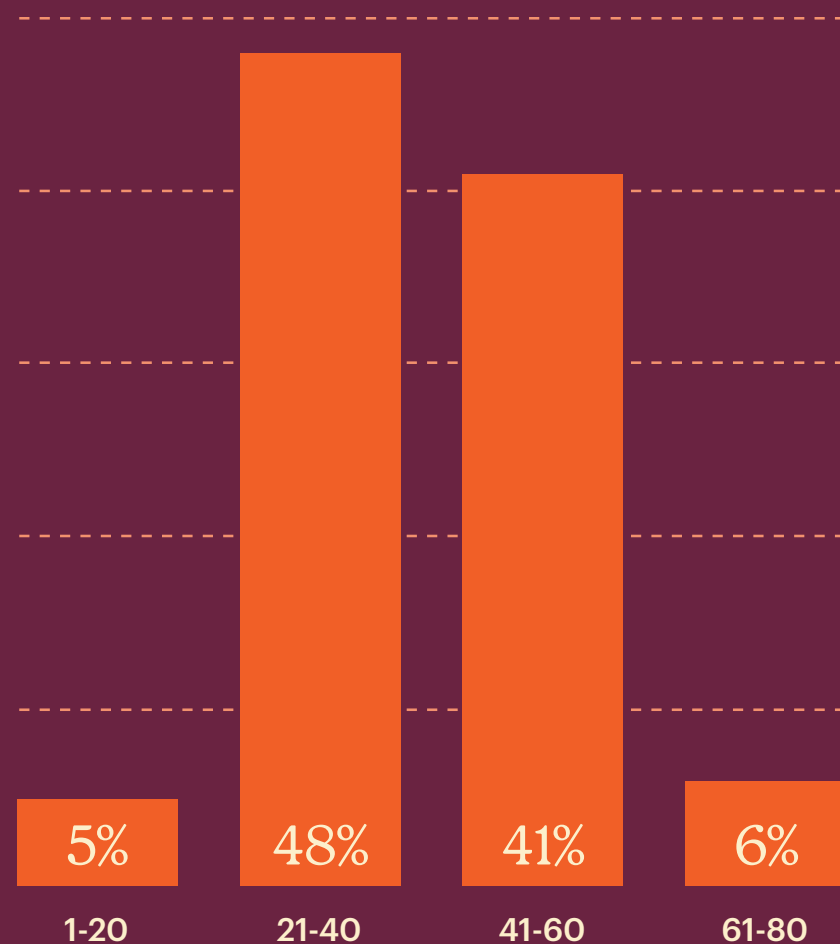
We took some time to find out  
how agency owners are currently  
spending theirs—and how it's  
working for them. Let's dive in.





# Time

While many reported putting in the long work weeks we often hear about in marketing, a surprising percentage seem to be maintaining a more traditional 9-to-5 schedule.



HOURS PER WEEK SPENT WORKING

## HOW AGENCY OWNERS SPEND THEIR TIME



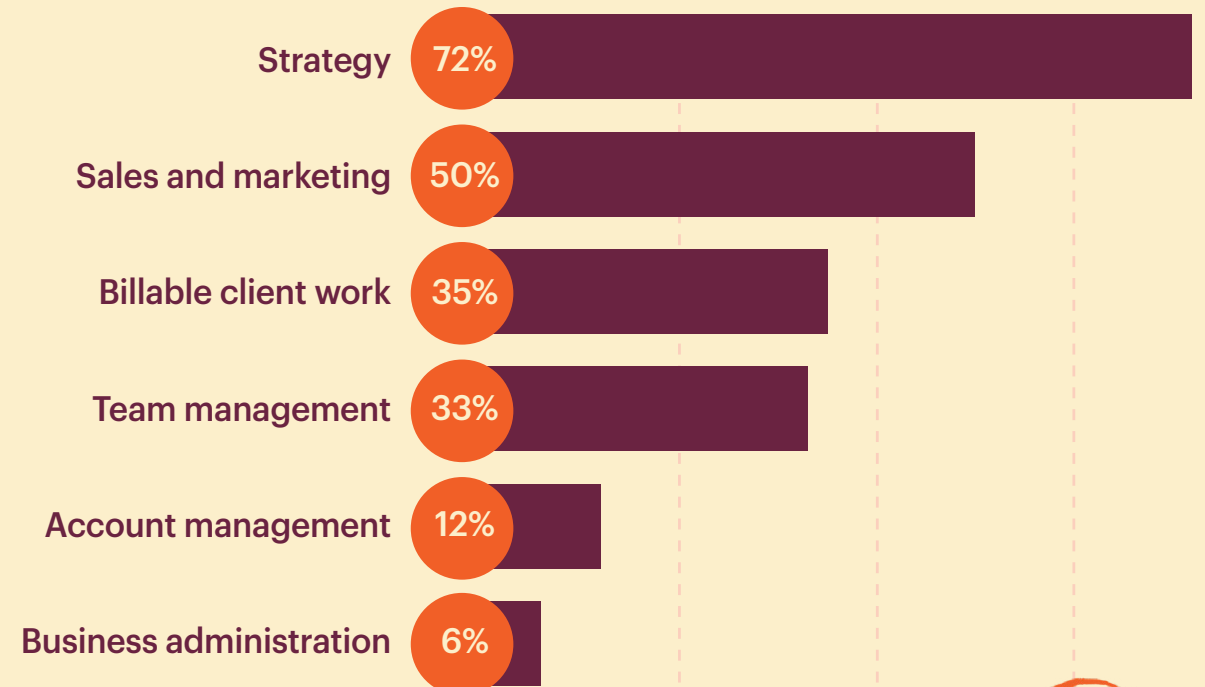
The average agency owner works 42 hours per week.



# Agency owners want to spend less time on these tasks...



# ...and more time on these



# Pro tips

Questions and thought-starters to help shift the way you work.



## Time to outsource?

It's no surprise that agency owners want to spend less time on admin and finance tasks. The good news is that there's an army of freelancers and experts out there to help with them, freeing you to do other things. What tasks could you outsource today to put a big smile on your face?

## Key hires for 2021?

If you want to do less billable work or account management, it's probably time for some key hires. Staffing up can be a big leap for a small agency, especially when the outlook is uncertain. That's why it's really important to have a plan outlining how each hire will generate extra profit. If you don't already have a forecast in place for this year, could you start one now?

## What will your agency look like in three years?

Here's a great exercise: sketch out what you'd like your business to look like in three years, including an organizational chart of your team. What role do you want to be playing by then? What people will you need around you to make this happen? To set your plans for tomorrow in motion, what can you start doing today?

## Make time for strategy

It's hard to carve out time to work *on* your business, rather than *in* it. But that's exactly what 72% of agency owners say they want to do more of. Here's how to spend more time building and executing your business vision:

### Respect your calendar

You wouldn't move a client meeting, so why move strategic time? Put planning time in your calendar and protect it.

### Involve your team

Let your wider team know what you're trying to achieve and enlist them to help.

### Carve out space

You can focus better and accomplish more in a place where you won't be disturbed.

### Seek out inspiration

Is there someone who's already accomplished what you're trying to do? Or just someone whose vision you admire? Look to them for ideas.

### Enlist some allies

Connect with a mentor or business coach. Or work with your accountant to help create with forecasting. No great leader does everything on their own.





# What the future holds



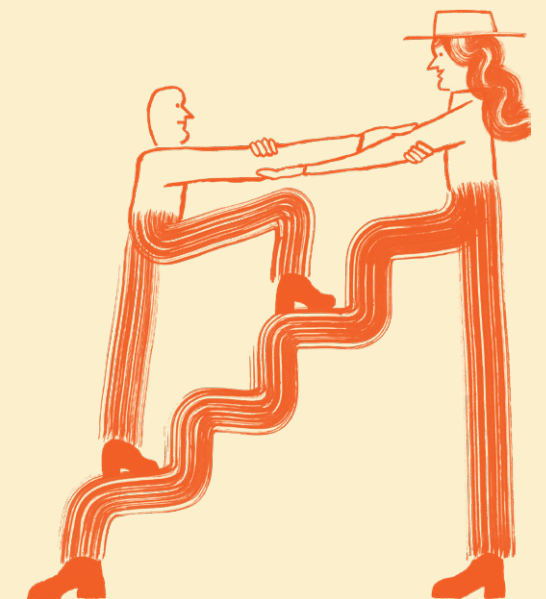
# So much more's in store

While it's been great to review everything that happened in 2020, it's more important to look ahead.

That's why we're closing with some trends to watch in 2021 that'll help you rethink how you're working, get you inspired, and unlock new growth.

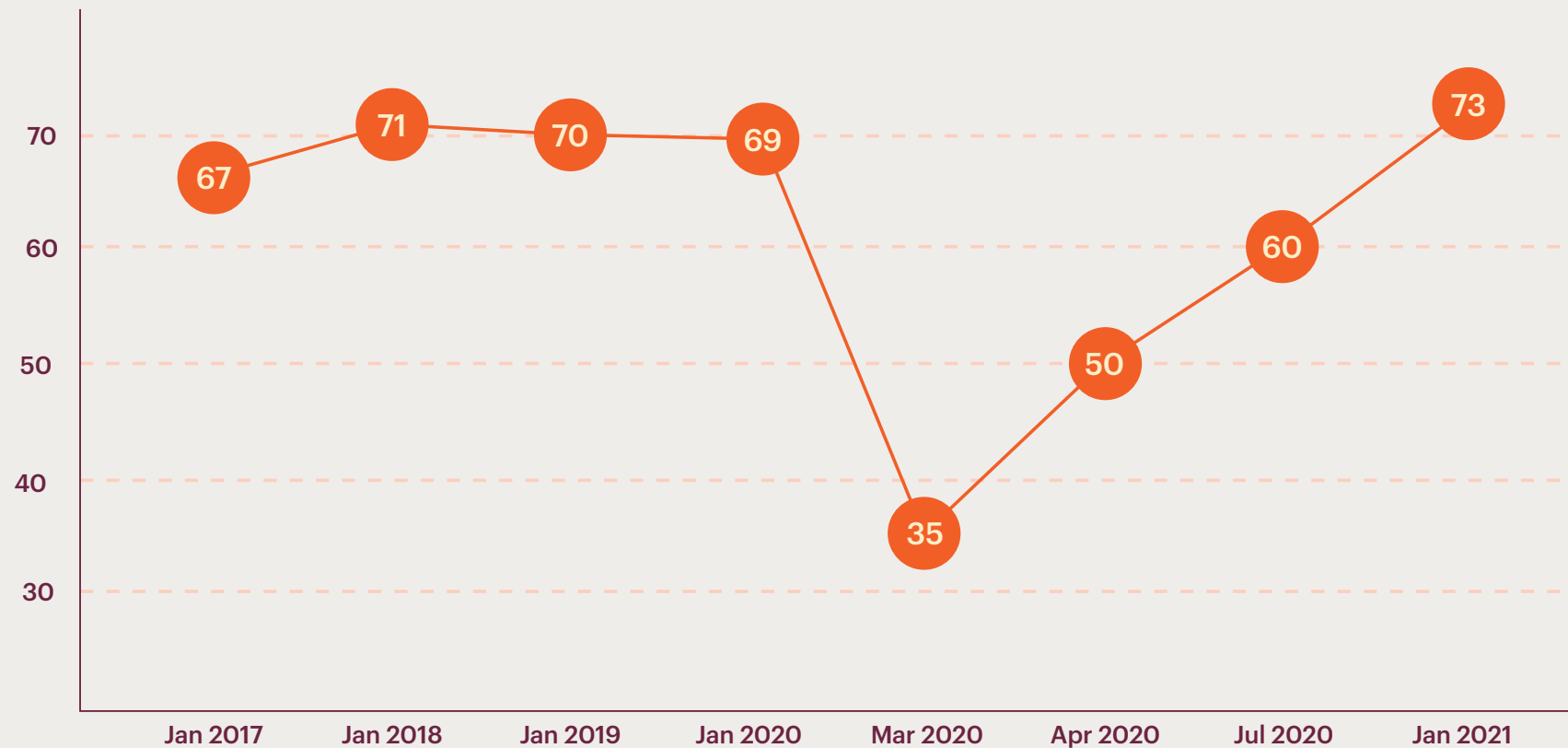
And make sure to read the very last page to sign up for Mailchimp & Co (if you haven't already) and stay in touch for updates on new studies, invitations to exclusive events, and lots more.

Ready? Let's go.



# Agency confidence indicator

First things first: confidence is back. While 2020 saw a huge dip, confidence levels have rebounded to historical averages.



Scores represent a ranking out of 100, where 0 is least confident and 100 is most confident.



The UK recorded a confidence score of 70, but globally, scores were even higher, at 73. No matter where you are, that's welcome news.

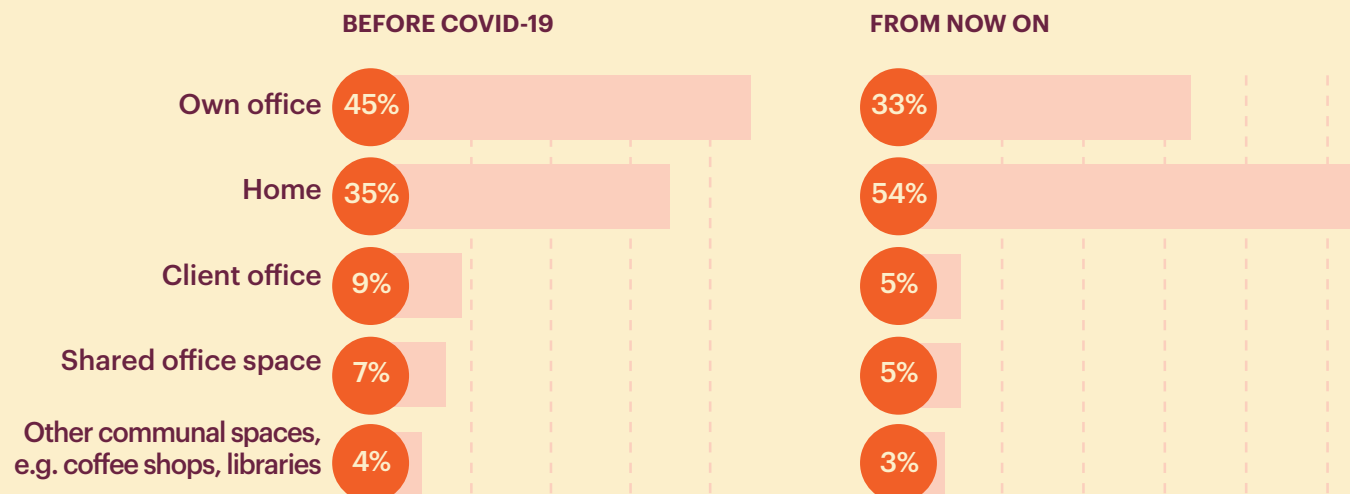




# Remote working

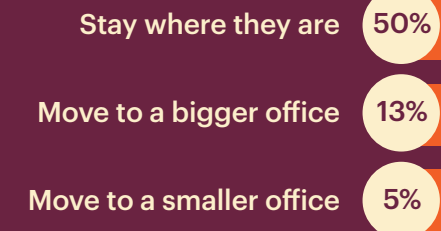
A lot more agencies went remote in 2020, prompting big changes in how we work (and yes, how we think about our home office lighting). We wanted to explore some of the broader impacts of these changes—and see which ones might be here to stay.

## WHERE AGENCY OWNERS SPEND THEIR TIME

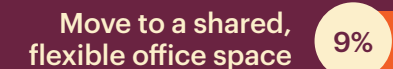


## WHAT WILL HAPPEN TO AGENCY OFFICES?

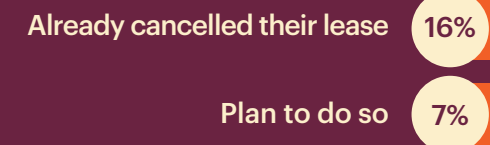
# 68%

 WILL KEEP THEIR OFFICE

# 9%

 WILL GO FLEXIBLE

# 23%

 WILL NO LONGER HAVE AN OFFICE

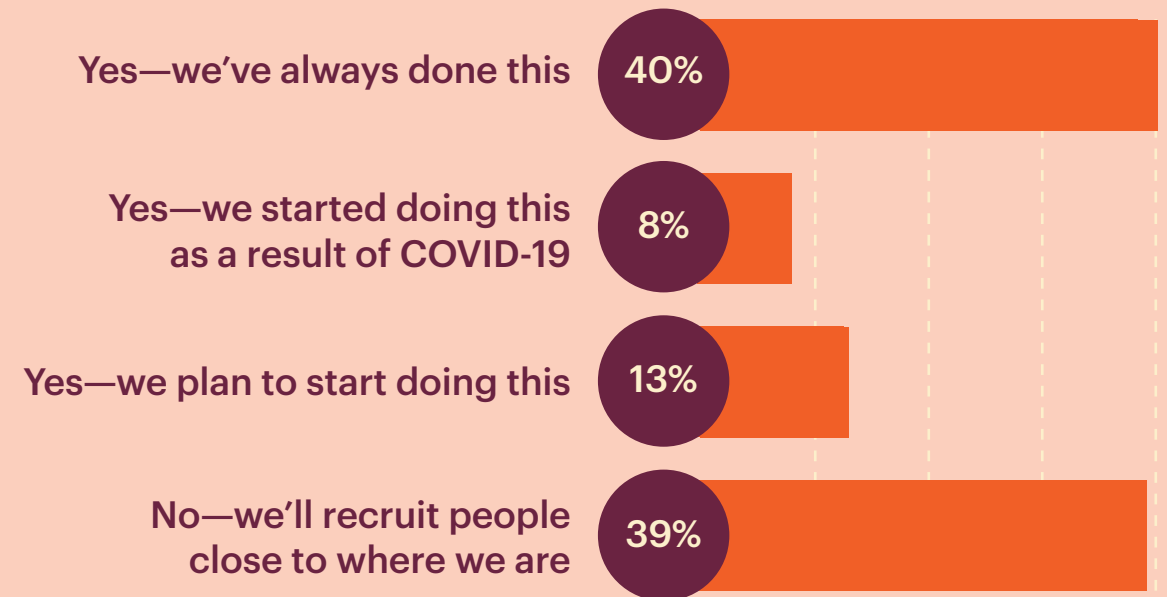
These stats don't include the 40% of agencies that already operate without an office.





# Recruitment

We asked agency owners: “Are you hiring people outside commuting distance to your office?”



## Hiring gets more global

**Only 39% of agencies say they’re still planning to hire only local talent in the future.** And while maintaining a local hiring strategy might be fine for now, for the long term, it’s worth asking these questions: what talent will you be missing out on? How are you preparing for truly global competition? Are you doing enough to attract candidates who increasingly have the option to work anywhere in the world?



# In conclusion...

If there's one thing this report has shown us, it's that there's lots to be excited about, and huge opportunities for freelancers to thrive and grow in their own unique way.

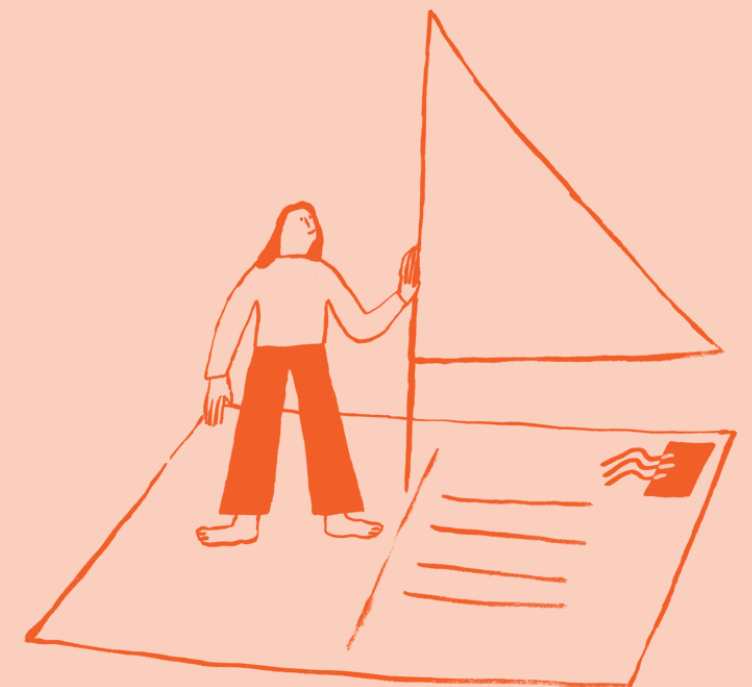
We hope you found this study useful, and in the coming year, we've got lots more to share with the Mailchimp & Co community.

Once again, if you haven't already signed up to join us (free!), you can do it [here](#).

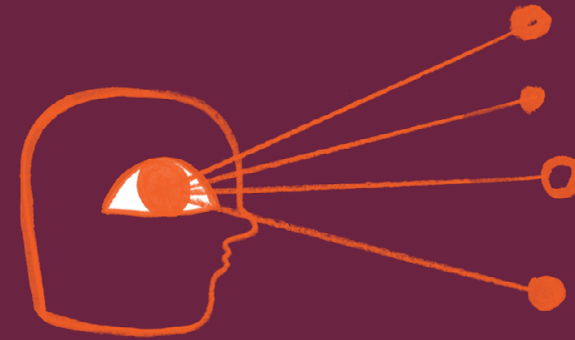
Thanks for reading, thanks for sharing, and thanks for keeping us inspired, too.

Best,

The Mailchimp & Co Team



# Stats, analysis, and insight— personalized for you



This study is just the beginning. We've created several reports and events with insights personalized to you. We'll be rolling them out throughout the year. Read on to learn when they'll be available and how to access them.

## AGENCIES UNDER \$1M

This report

## FREELANCERS

Get insights specific to  
freelancers

## UK AGENCIES

UK-specific agency stats

## REGIONAL BENCHMARKS\*

Coming later in 2021—and  
in your local currency

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\* These reports will only be available to those who have completed the survey. If you haven't completed it yet and want access to specific benchmarks for your region, take the survey now.

Go ►



# Events to ignite your growth

Mailchimp & Co is hosting a series of events in 2021 to help you take your agency to the next level. These include practical events to help you get more from your email marketing, plus further insights from the benchmarking data contained in this report.

Check out the latest events ►

