

AGENCY MANAGEMENT INSTITUTE'S

Build a Better Agency Summit



Danyel Newcom
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President & Partner, Agency Management Institute

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**The Do's, Don'ts, and Disasters
of Selling Your Agency**

Learn more. Make more. Keep more.



Do's, Don'ts and Disasters of

SELLING YOUR AGENCY

Drew McLellan



25+ year agency veteran

Agency owner of 23+ years

Owned Agency Management Institute since

2010 Work with 250+ agencies a year

Published in AdAge, AdWeek, Forbes, Inc.,
Entrepreneur, Wall Street Journal, New York
Times, Agency Post, Chicago Tribune and others

Danyel Newcom McLellan



Agency owner for 15+ years before exiting

Expertise in growing young leaders & new owners

AMI's President/Partner

Works with AMI as a leadership coach, succession planning consultant, and in program development and improvement

The key elements to selling your agency

- A strong, stable agency is a sellable agency
- Emotional and mental readiness (yours and the buyer)
- Money stuff (price, deal structure, financing)
- The path to the close (the runway)
- The ability to let go (yours and the buyers)
- The emotional roller coaster
- The graceful exit

A strong, stable agency is a sellable agency



Run your agency by the numbers and build wealth outside the agency. Keep options open for a potential sale and keep the end in mind.

A strong, stable agency is a sellable agency

D  **N'T**

Wait too long to fix the issues inside your shop.
Don't stay overstaffed or underpay yourself.

A strong, stable agency is a sellable agency

DIS  ASTER

Waiting until you're ready to sell to make the
improvements to make it sellable.

Emotional and mental readiness (yours and the buyer)



Accept that you aren't going to get everything you want, in the way you want it. Know what matters the most and what your non-negotiables are. Be ready to be comfortable in discomfort. Work to be irrelevant.

Emotional and mental readiness (yours and the buyer)

D  **N'T**

Wait too long to start. 7-10 years is ideal. 5 years is doable but don't expect a significant increase in value. 3 years means you're going to leave money on the table.

Emotional and mental readiness (yours and the buyer)

DIS**ASTER**

Bait and switch or have vague conversations without
a concrete plan, facts, a valuation, and a timeline

Money stuff (price, deal structure, financing)



Get a valuation from an agency expert. Decide how much risk you're willing to personally take. Consult your tax advisor early on how to best mitigate the tax burden.

Money stuff (price, deal structure, financing)

D  **N'T**

Assume your employees can't afford it. Your highest payday is an internal purchase. Negotiate with an outside buyer without strong advisors.

Money stuff (price, deal structure, financing)

DIS[🔥]ASTER

Thinking you can significantly change the value of your agency in under 5 years. Ignore the valuation (or skip that step) and decide what your agency is worth based on your personal financial situation. Don't let greed win.

The ability to let go (yours and the buyers)



Have something you can't wait to do in your next chapter. Take at least a 4 week, completely unconnected sabbatical 3-4 months before the deal closes.

The ability to let go (yours and the buyers)

D  **N'T**

Be rigid in expecting the buyers to do it your way.
Get your undies in a bunch when they start to
move away from you as a leader. Hold onto
visibility and control the finances for too long.

The ability to let go (yours and the buyers)

DIS**ASTER**

Not helping your buyer have space and capacity to do your job for at least 4-6 months before the transaction (internal) or the first 4-6 months after the transaction (external)

The emotional roller coaster



Recognize that this is a loss and you're going to experience all of the emotions of that loss. Even if you're super excited about what's next.

The emotional roller coaster

D  **N'T**

Be surprised by the emotional conflicts between you and the buyer. Fall into old boss/employee patterns or set up power plays with external buyer.

The emotional roller coaster

DIS**ASTER**

Do this alone. You need a sounding board who understands everything you're experiencing. Otherwise, it will come out in ways that damage relationships and sour your last chapter in the agency.

The graceful exit



Plan a vacation or something joy-filled 30 days after the close. Even if you're staying on staff for a bit. Write thank you notes, celebrate your legacy and accomplishments.

Be the biggest cheerleader during the transition (no matter what you really think or feel).

The graceful exit

D  **N'T**

Wait until the last day to move out of your office.
Don't work full-time the last 90 days.

The graceful exit

DIS**ASTER**

Not having a plan for your next chapter. Being resentful that the deal wasn't what you wanted it to be.

Next steps

- Do a personal financial plan – begin with the end in mind
- Get a baseline valuation so you know the delta between what you have and what you want/need
- Assess what areas of your agency needs to improve to increase its value and ease the transition
- Decide on a ballpark time frame
- Map out your best three best possible scenarios and list the “must haves” and “like to have” in each
- Get clear about what you are willing to invest (time, money, energy) to get to your finish line
- Start now





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Build a
Better
Agency
Summit

Learn more.
Make more.
Keep more.