AgencyGod

THE FREE RESCUE PLAN

AGENCY FINANCE · PROFIT

Your Agency Profit Rescue Plan

The average agency keeps **13 cents on every dollar** it bills. You're busy as hell and still wondering where the money went. This plan shows you your real profit and your real profit-per-hour, names the leak that's eating it, and hands you the exact lever to fix it.

- Revenue is vanity, profit is sanity
- The benchmark ladder
- Your real profit-per-hour
- The utilization lever
- The 4 profit killers
- Fill-in worksheet

A rescue plan from **AgencyGod**
agencygod.com

$10K GTD

The $10,000 Guarantee
You get the result, or you get paid $10,000.

REVENUE IS VANITY. PROFIT IS SANITY.

You don't have a revenue problem. You have a profit blind spot.

"We're busy as hell and still barely profitable." If that's you, the number you're staring at is the wrong one.

Most agency owners track revenue because it's the easy number to find and the fun one to say out loud. It's also the number that lies to you. A $40K month with $38K of cost is a worse month than a $20K month with $14K of cost, and you'd never know it from the top line. Revenue tells you how busy you are. It tells you nothing about whether the work is worth doing.

✗ VANITY NUMBERS

Monthly revenue. Number of clients. Hours logged. Headcount. *(Every one of these can climb while your bank balance shrinks.)*

✓ SANITY NUMBERS

Net profit. Net margin. Profit-per-delivered-hour. Realization rate. *(These are the four that decide if you have a business or a job.)*

THE NUMBER THAT SHOULD SCARE YOU

The average digital agency runs a **net margin of about 13%** in 2025, down from 14% the year before. So on a $30K revenue month, the typical owner is left with around **$3,900** of true profit. Healthy is 15 to 20%. High-performing is 20 to 30%. Most owners have never once calculated which band they're actually in.

You can't fix a margin you've never measured.

Source: Promethean Research, how-profitable-are-digital-agencies. Margins are net.

This plan does one thing. It drags your real profit into the light, then points at the single biggest leak draining it. Grab a calculator. By page 7 you'll have your own number filled in, and you'll know the one lever that moves it most.

STEP ONE: THE 55 / 25 / 20 RULE

Where every healthy agency dollar actually goes.

A profitable agency isn't a mystery. Its money splits along one well-worn ratio.

On a healthy agency's gross income, the money lands in three buckets: **roughly 55% to delivery labor, 25% to overhead, and 20% left as profit.** That last 20% is the target, not the average. Most owners are nowhere near it, because delivery labor has quietly eaten the whole pie.

THE HEALTHY SPLIT, ON AGENCY GROSS INCOME

55%	25%	20%
Delivery labor (salaries + contractors doing the work)	Overhead (tools, rent, admin, non-billable staff)	Profit (what you actually keep)

Source: Swydo agency profitability benchmarks. Gross (delivery) margin should sit at 50 to 60%+ on the P&L.

THE FIRST ALARM TO CHECK

If delivery labor is eating 70% or more of your revenue, you have a pricing or over-servicing problem, not a sales problem. You're either charging too little for the work or doing far more of it than you sold. More clients won't fix this. It will scale the leak.

THE BENCHMARK LADDER

Find the rung you're standing on. This is the ladder your worksheet result on page 7 will land against.

Where you sit	Net margin	What it means
Struggling	under 10%	A job with extra stress. One bad month wipes you out.
Average	~13%	The typical agency. Busy, fragile, underpaid owner.
Healthy	15 to 20%	A real business that pays you and survives a wobble.
High-performing	20 to 30%	7-figure shops typically run the low end; only the top ~3% reach ~43%.

Sources: Promethean Research; Swydo agency profitability benchmarks. Figures are net margin ranges, not guarantees.

STEP TWO: YOUR REAL PROFIT-PER-HOUR

"When I add up the unpaid hours, I'm making $15 an hour."

This is the line that wakes owners up. Profit-per-hour is a number you calculate, not one you can look up.

Take your monthly profit and divide it by every hour your team actually delivered, the billed ones and the unbilled ones. That's your true profit-per-hour. It's the most honest number in your whole business, and almost nobody calculates it, because the answer is usually ugly. Your worksheet on page 7 works it out for you.

> WHY IT'S WORSE THAN YOU THINK
>
> **Manual time tracking captures only about 67% of billable work. Automated tracking captures 91%.** So if you eyeball your hours, you're invisibly giving away roughly a quarter of them for free. Your real profit-per-hour is lower than your gut says, because your gut never counted the hours nobody logged.
>
> *Source: Mosaic utilization statistics / Bennett Financials realization data.*

THE SINGLE MOST MOTIVATING LEVER

Utilization roughly doubles your margin with zero new clients.

Billable utilization is the share of your team's paid time that's spent on billable work. In 2025 the agency average fell to **66.4%**, the first time it dropped below the 70% floor. Here's why that one number matters more than almost anything else you could fix.

THE UTILIZATION LEVER

Move from 60% to 70% utilization, same clients

8-12%	18-22%	~2x
Avg net margin below 60% utilization	Avg net margin above 70% utilization	Roughly double the margin, no new logos

Source: Mosaic billable utilization statistics / Bennett Financials. Target is 70 to 80%. Above 85% is a burnout danger zone, not a goal.

YOUR MOVE

Do not chase 100%. Pushing utilization past **85% burns your team out** and the quality drop costs you clients. The win is moving the floor up from the 60s into the healthy **70 to 80%** band, where margin lives.

STEP THREE: FIND YOUR LEAK (1 OF 2)

Four leaks quietly drain your margin. Here are the first two.

Each one has a name, an alarm that tells you it's happening, and a lever that fixes it.

1

THE SILENT KILLER

Scope creep

"Every project somehow runs over and we just eat the hours." "Clients keep asking for one small tweak and it never ends." Scope creep hits **37 to 52% of projects** and it's the quietest margin killer there is, because nobody decides to give the work away. It leaks out one small favor at a time.

THE LEVER

The alarm: burn rate running more than **10 percentage points** ahead of project progress. **The fix:** that gap triggers a change order, every time, with no exception. Bake change-order language into the proposal up front so the conversation is already agreed before the favor gets asked.

Source: Swydo agency profitability / Bennett Financials.

2

THE TRAP THAT FEELS FINE AT SIGNING

The cheap-retainer trap

"The retainer felt fine at signing, now we're doing double the work for the same check." A flat monthly fee hides a collapsing reality. The dollar figure stays the same while the hours you pour in keep climbing, so your real rate quietly falls month after month and the invoice never shows it.

THE LEVER

The alarm: realization rate dropping below **85%** on a retainer. **The fix:** track hours per retainer, not just the flat fee, and re-price the moment realization falls under 85%. A retainer should sit at **85 to 95% realization**. Below 80% signals broken pricing or scope, and it's costing you on every cycle.

Source: Mosaic / Bennett Financials realization data.

THE PATTERN BEHIND BOTH

You can't tell which clients actually make you money. Both of these leaks survive because the cost is invisible at the line-item level. The fix for both starts the same way: track delivered hours per client, then look at profit per client, not revenue per client. The answer often surprises owners. Your biggest account is sometimes your worst one.

STEP THREE: FIND YOUR LEAK (2 OF 2)

The last two leaks are about who you serve and how.

These two decide your ceiling. Fix them and the whole math shifts in your favor.

3

THE QUIET UNDERPRICING TELL

Over-servicing & overhead drag

"We're busy as hell and still barely profitable." When delivery swallows the day and there's nothing left at the bottom, you're either over-delivering on what you sold or your prices never covered the real cost of doing the work well. Either way, the symptom is the same: full calendar, empty margin.

THE LEVER

The alarm: gross (delivery) margin under **50%**. That's the clearest signal of underpricing there is. **The fix:** raise prices on new work first, cap what each tier includes in writing, and stop over-delivering for free. Gross margin should clear **50 to 60%+** on the P&L and 70%+ per project before any work is worth taking.

Source: Swydo agency profitability benchmarks.

4

THE LEVER HIDING IN PLAIN SIGHT

Wrong-fit clients & service mix

The single biggest profit lever most owners never pull is *what* they sell and *to whom*. A generalist taking any client who'll pay runs a far thinner business than a specialist who owns one niche. Wrong-fit clients cost more to serve, churn faster, and drag your average rate down with every onboarding.

THE LEVER

The numbers: niche and specialist agencies run **25 to 40% net margin**. Full-service generalists run **10 to 20%**. **The fix:** pick a niche, price for the outcome you deliver there, and disqualify the wrong-fit clients who pull your average down. The service mix itself is a lever: paid, social, and creative each run ~15 to 25% net, SEO ~11 to 20%.

Source: Swydo agency profitability by service line.

THE WHOLE POINT

Adding clients to a leaky business just scales the leak. **Fix the margin first, then add volume.** A specialist agency at 30% net keeps more on $25K of revenue than a generalist at 12% keeps on $50K, while working half as hard for it. The lever was never "more." It was "better-priced, better-fit, fewer leaks."

STEP FOUR: THE PROFIT WORKSHEET

Fill in your numbers. See your real profit in 60 seconds.

Use one steady month. Write each number in the box, then do the two calculations at the bottom. Be honest about hours, including the unbilled ones, or the mirror lies back to you.

YOUR INPUTS / ONE MONTH		
A	**Monthly revenue** What you billed clients this month	$
B	**Delivery labor cost** Salaries + contractors doing the work	$
C	**Overhead** Tools, rent, admin, non-billable staff	$
D	**Total delivered hours** Billed + unbilled hours your team actually worked	hrs

YOUR REAL NUMBERS / THE MATH		
=	**Net profit** A minus B minus C	$
=	**Net margin** Net profit divided by A, times 100	%
=	**Profit-per-hour** Net profit divided by D · your mirror, not a benchmark	$ / hr

NOW READ YOUR NET MARGIN

STRUGGLING	AVERAGE	HEALTHY	HIGH
<10%	**~13%**	**15-20%**	**20%+**
Fix scope creep and pricing first	You're the typical agency. Pull a lever	A real business. Protect it	Top tier. Now scale the system

IF YOUR NUMBER STINGS

Below the healthy band, run the four leaks from pages 5 and 6 in order: **scope creep, the cheap-retainer trap, over-servicing, then service mix**. Then check utilization on page 4. Most owners find the biggest single gain hiding in the leak they were least watching.

STEP FIVE: THE RETENTION MULTIPLIER

The cheapest profit you'll ever make comes from clients you keep.

Two clients who stay a year are worth more than five who churn at month three. The math is brutal and it's in your favor.

A client's lifetime value is roughly the monthly fee divided by your monthly churn. That single equation is why retention quietly multiplies profit. You don't have to raise a price or win a logo. You just have to stop the bleed, and the value of every client you already have goes up.

THE MATH THAT CHANGES EVERYTHING

Lifetime Value ≈ Monthly Fee ÷ Monthly Churn

4.2%	1.6%	~3x
Higher churn (project-style)	Lower churn (strong retainer)	The LTV, at the very same fee

Source: Focus Digital churn data; Prefinery CLV-to-CAC guide 2024. Best-in-class retainer churn is ~1.6% monthly; aim to keep annual churn under 20%.

Cut monthly churn from 4.2% to 1.6% and you roughly **triple the lifetime value of every client** at the same price. On top of that, **a 5% lift in retention can raise profit 25 to 95%**, and keeping a client costs **5 to 7 times less** than winning a new one. That's the established Bain and Reichheld principle, and it's the reason a profit problem and a retention problem are usually the same problem.

THE HEALTH CHECK ON ACQUISITION

Then watch your **LTV to CAC ratio**. A healthy agency keeps acquisition cost under one-third of lifetime value, a **3 to 1 ratio**. Drop below 2 to 1 and you're heading for a cash crunch, spending more to win clients than they're worth. Profit isn't just what you keep per client. It's whether you can afford to go get the next one.

Source: Prefinery CLV-to-CAC guide 2024.

> **Stop chasing revenue.**
> **Start keeping profit.**

YOUR NEXT MOVE

You know your real number. Now let's fix the leak that made it.

The fastest way to a healthy margin is more high-fit clients at the right price, fewer wrong-fit ones dragging it down, and a system that keeps the good ones paying. We install that done-with-you, all backed by the $10,000 guarantee: **you get the result, or you get paid $10,000.**

We cap onboarding to a handful of agencies a month so we can actually deliver. **Apply now** and we'll map your real profit number, your biggest leak, and the plan to plug it, live on a free call.

$10K GTD You get the result, or you get paid **$10,000**

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