



OPINION

## What's an acceptable agency margin?

*Ask most agency executives, "What's an acceptable margin for an advertising agency?" and they'll likely give you a number. Fifteen percent. Twenty. Maybe twenty-five if they're feeling bullish.*

*But here's the problem: any single number pretending to describe an entire creative industry will always be wrong even when dressed up with the usual caveats about it being "an average," "a benchmark," or "best practice."*

*John Minty, senior consultant at Trinity P3, explains.*

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John Minty

When we talk about agency margin, it's a bit like asking what someone should weigh and assuming there's a universal truth. It's deeply personal. It depends on genetics, build, lifestyle, and what they're optimising for; all the things that make them who they are.

The same applies to agencies. An "acceptable" margin is complex, personal, contextual, and constantly evolving. Every agency has its own shape: its lifecycle stage, service mix, portfolio, and goals. And unless you know the story of each one; their ambitions, their structure, and why their leaders don't sleep at night, the number means almost nothing, in both predictive and retrospective terms.

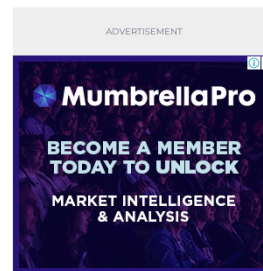
Still, as an industry, we seem intent on ironing out the very differences that make us interesting, chasing uniformity, then wondering why everything feels the same.

Imagine if the film industry went looking for a universal margin, one number to measure every story. You'd erase the spectrum between Top Gun and Parasite, between the engineered crowd-pleaser and the audacious original. Risk would vanish. Variety would disappear. Everything would start to look the same: safe, predictable, algorithmically sound.

Agency margin should describe what happened, not prescribe the next move. It's a reflection of your decisions, not the rulebook for making them.

The same principle applies to the margin you bake into individual pricing decisions. Too often, agencies blur the line between what's profitable and what's purposeful. Pricing is entirely dependent on context; the client, the brief, the ambition, the moment. Not all work is created equal. Some projects are priced to open doors or strengthen relationships; others earn a premium because they deliver greater value or impact. The key is intent, i.e. knowing why you're pricing the way you are, in the context you're operating in, rather than simply chasing a number.

So, when someone asks, "What's an acceptable agency margin?" The answer isn't a number, it's a plan. What's the strategy?





### The perils of the wrong question

Ironically, the fixation on defining "acceptable" margins may be one of the biggest reasons agencies are less profitable today than they once were. By chasing an artificial benchmark, agencies often:

- **Offer subservience to clients**, mistaking compliance for partnership
- **Chase the wrong work**, the kind that fills hours but drains ambition
- **Cut corners on ideas or talent** to protect a target that was never real
- **Turn creative discussions into cost debates**, where imagination gets itemised
- **Mistake stability for success**, clinging to predictability over progress
- **Charge too little for their best work** just to keep the spreadsheet happy
- **Say yes to bad briefs** because "something's better than nothing."
- **Invest in the wrong things** by chasing non-core work that looks good on paper but dilutes what they're great at and diverts attention

It's the wrong question. And like most wrong questions, it leads to wrong answers.

As Clayton Christensen warned, the real disease is the *pursuit of profit*, not in principle, but in how it's measured. "When profit becomes a percentage," he wrote, "it causes you to focus on smaller and smaller wins." The higher the number, the smaller the horizon. It rewards short-term wins, punishes patience, and pushes capital, and creativity, toward what's safe, fast, and small.

### A better question: How do I define my own margin?

The real opportunity isn't to chase an industry average, it's to remember you're not average, and neither is your business. Defining your own margin might sound like financial hygiene, but it's actually one of the most powerful acts of leadership you'll ever take. When you decide what *reasonable* looks like for you, you reclaim control of your story, your strategy, and your sanity.

So, all things being equal, what does *winning on your own terms* actually look like, on paper, in practice, and in the choices you make every day?

- **Taking stock of your lifecycle stage**; growth, recovery, investing, stability, transition, reinvention, and everything in between.
- **Mapping your portfolio mix**; commoditised vs. premium, retained vs. project.
- **Clarifying your long-term ambition**; growth, stability, creative reputation, or preparing for sale.
- **Deciding which clients or products deserve premium pricing**, and which should be strategically lean.
- **Assessing your capability and capacity**; where your people, processes, and product are strongest, and where they're stretched.
- **Understanding your position in-market**; what truly differentiates you, what's commoditised, and where you can win.

When agencies take this deeper view, margin becomes a reflection of their choices, not an arbitrary target, a tension between *me now* and *us later*, between the work that feeds today and the foundation that sustains tomorrow. It also allows us to tell better, more compelling stories to those who matter, especially the ones 15,000 miles away who visit about as often as Halley's Comet, nod empathetically through the CEO preamble, and then ask, "So, 20% then?"

### Mind the line

There's a fine line between doing this exercise honestly and turning it into a PowerPoint defense of why things aren't working. The difference

into a Powerpoint defence of why things aren't working. The difference lies in intent; to understand, reset, and grow, not to hide behind excuses. This isn't about lowering the bar; it's about knowing where it stands and why.

Do it with honesty, not agenda.

The point isn't to defend underperformance; it's to understand what performance should actually look like.

Margins aren't benchmarks; they're fingerprints; unique, imperfect, and entirely your own.

So if you're still chasing a number to describe a universally acceptable agency margin, or worse, using one to manage an agency, you're engaging in spreadsheet astrology, not strategy.

But if you want an answer to what's an acceptable margin for you, do the work, and you tell me.

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