

How to Start Your Advertising Agency - 6 Steps

Many big businesses today don't have enough time to create advertising campaigns on their own. And due to heavy competition across various industries, the bar in creating ad campaigns is set at the peak. For businesses to keep up, many of them seek the services of advertising agencies. So, if you're planning to start an advertising agency soon, you are bound to own a highly profitable business. That said, we do actively support you in pursuing your plan. We'll help by showing you six steps in starting a profitable advertising agency business.

Formulate a Business Plan

Everything starts with an idea, and then another idea, and another. Afterward, a person will gather all the generated ideas together to devise a plan for something he or she wants to do. You might've not realized it, but you went through that process in visualizing your future advertising agency. Now that you're poised to make it a reality, the first step is to gather your ideas and use them to [formulate your advertising agency business plan](#).

In your [business plan](#) document, you have to emphasize or state the following:

- Overview of your ad agency, including its official name
- Your objectives checklist
- Your target clients
- Your [marketing strategies](#)
- Your financial structure, such as capital or [startup budget](#)
- Your business model
- Your projected schedule or timetable to launch

All of those things are key components of your business plan. You need a business plan so that you'll have a clear guide regarding your business methods and goals. On top of that, government bodies, potential partners, prospective investors, and other stakeholders are the audience of your business plan. Through it, they'll assess whether your proposal to run an ad agency is feasible and worth investing in. That said, see to it that your business plan is convincing, with a strong sense of direction. Make sure to define and elaborate each element of your ad agency to give them a clear bird's eye view of your vision.

Obtain an EIN

In owning an advertising agency, you'll not just become a businessman. You'll also become an employer who must pay taxes. For that reason, you need to obtain an employer identification number (EIN) from the Internal Revenue Service (IRS).

The process of obtaining an EIN is pretty straightforward. You only need to acquire a Form SS-4 from the IRS and fill it up with your business info accurately. Alternatively, you can also obtain an EIN through the official website of the IRS or via email and fax. It's quick, easy, and convenient. Plus, getting an EIN is for free.

Secure a Business Bank Account

As a business owner, you need to separate your personal finance from your ad agency's finances. That's why securing a bank account solely for business purposes is necessary. In that way, monitoring your ad agency's financial standing will be easier. Mixing personal assets and business assets makes tax filing and accounting inconvenient, even for expert accountants.

If your personal accounts and business accounts are in one place, it endangers your personal assets in case your ad agency faces financial problems or certain lawsuits. In such an event, you could lose many things that you own, both from your personal and business possessions. So, make sure to secure a business bank account to protect your personal assets.

Get Every Needed License and Permit

You can't start operating your ad agency if you didn't obtain [every license and permit required](#). A severe warning memo, lawsuit, or hefty fine will be in place against you if you conduct business without them. Here are the documents you need to obtain:

Federal Business Licensing

Federal business licensing ensures that your business services are what they appear or seem to be in your promotional materials. In other words, it requires you to prevent misleading clients or consumers. Most of the regulations of this type of licensing are from the Federal Trade Commission (FTC).

Certificate of Occupancy

A Certificate of Occupancy (CO) certifies that your ad agency's office premises follow all government regulations, zoning laws, and building codes. Without a CO, your building or office space isn't an eligible structure for occupancy because it hasn't undergone safety inspection yet. However, if you'll be renting an office space instead of purchasing one, you don't need to obtain a CO. Just confirm with the landlord if he or she has secured one.

Services Contract

Because your ad agency is a service-based business, you need to prepare copies of service contracts before accepting clients. [Service contracts](#) outline what clients should expect from your services through terms and conditions, especially when it comes to [quotation fees](#) or payments. They mitigate the possibility of misunderstandings and legal disputes.

Note: There may be other specific licenses and permits that are required in your city or state. So, consult with your local government bodies or agencies regarding them.

Get Insurance

[Insurance](#) is just as crucial as other requirements to run your advertising agency. Possible accidents, calamities, theft, and legal disputes that your business might encounter will cause significant damage. But, the damage caused by such events will not affect you too much if you have insurance. How so? Well, that's because insurance covers most of the expenses for your business's recovery. With that in mind, you have to get insurance before launching your ad agency.

Build Your Clientele

Once you've obtained every requirement and completed all the preparations, that'll be the right time to begin operations. But, because your ad agency is still young, you won't be creating advertising outputs just yet. What you need to do first is [building your clientele](#). Promote your advertising agency across various marketing platforms and focus on your target clients.

In choosing your target clients, you should consider companies that demand advertising services regularly. A good example would be companies in the retail industry. Why? Well, according to a report stated in 99Firms.com, the retail sector spent an estimate of \$64.5 billion for their advertisements in 2020, which makes them the largest ad spender of that year. Regardless of whether the retail industry's ad expenses will increase or decrease in the future, they'll remain a top ad spender rest assured. That said, retail companies could make up most of your clientele in the long run.

Following these six steps will enable you to start your advertising agency on a high note. Along the way, you'll meet other stakeholders that can help your business. So, use a meeting minutes document to record your discussions with them. Sooner or later, your advertising agency will gain popularity across different industries.