TOP 50 MARKETING MANAGEMENT POSTS OF 2014

DARREN WOOLLEY

TOP 50
MARKETING MANAGEMENT POSTS OF 2014

trinity P3™

What the world is saying about the Top 50 Marketing Management Posts:

Darren Woolley is simply different. He sees things through a different lens – a lens that is reality-based but looks way beyond conventional wisdom. He is one of the most practical, insightful thought-leaders in the marketing community. If you want a different answer, link up with Darren. He is a must read for everything he writes – and especially the Top 50 Marketing Management Posts of 2014.

Bob Liodice, President & CEO, Association of National Advertisers (ANA), USA

TrinityP3's Top 50 Marketing Management Posts is a wonderful collection of well-written, insightful blog posts by Darren, his team, and guest writers. They deal head-on with some of the most timely and on-point challenges in the industry. Whether you're a client leader, an agency leader, or industry consultant, this book is a 'must read'.

Debra Giampoli, Director, Global Strategic Agency Relations, Mondelez International

TrinityP3's Darren Woolley has developed an enviable track record of providing timely, relevant, thoughtful leadership for the marketing community. TrinityP3's guidance, suggestions and pragmatic best-practice tools transcend geographic boundaries and travel globally.

Tom Finneran, EVP, American Association of Advertising Agencies (4A's)

Darren is a bit of an industry guru and not just locally but on a global platform, on all things related to management of client/agency relationships. He exudes helpful advice for advertisers and often shares key insights on social media platforms, all of which demonstrates his very generous spirit and deep knowledge of the industry.

Debbie Morrison, Director of Consultancy & Best Practice, ISBA – The Voice of British Advertisers

TrinityP3 is at the apex of thought-leadership in the global marketing community. Their blog is a 'must read' for those who want to dispel marketing myths and perceived industry wisdom, and instead get a firm grip on the biggest business challenges facing the real practitioners.

Steve Lightfoot, Senior Manager – Global Marketing Procurement, World Federation of Advertisers (WFA)

The Authors

Darren Woolley is the founder of TrinityP3[1]. With his background as an analytical scientist and creative problem-solver, Darren brings unique insights and learnings to the marketing process. He is considered a global thought-leader on agency remuneration, search and selection, and relationship optimisation.

Stephan Argent is the CEO of Argedia Group[2] and a member of the Marketing FIRST Forum[3], the global consulting collective co-founded by TrinityP3.

Anton Buchner is a senior consultant with TrinityP3. Anton is an innovative lateral thinker with a passion for refocusing business teams and strategies; creating visionary, data-driven communication plans; and making sense of a more complex digital marketing environment.

Debra Giampoli is the Director of Global Strategic Agency Relations at Mondelez International[4], where she helps business unit and marketing leaders across the globe find external marketing resource partners.

Stephen Wright is a Business Director at TrinityP3. Stephen recently returned to TrinityP3 to head up media consulting, calling on his experience across all areas of the industry to provide guidance to clients on how they can best benefit from the new media landscape.

Mike Morgan is the founder and Director of High Profile Enterprises[5] and the Content Director for TrinityP3. Mike has been collaborating with TrinityP3 on a content marketing, SEO and social media strategy since early 2011.

1 trinityp3.com
2 argedia.com
3 m1f.org
4 mondelezinternational.com
5 highprofileenterprises.com

Anita Zanesco is a Senior Consultant at TrinityP3. Anita brings a unique blend of insights, creativity and understanding to the communications industry, particularly in the areas of talent management, agency process and new business pitch management.

David Little[6] has been working in procurement category management for 12 years within FMCG, telecoms and consulting. He has a particular interest in marketing categories, procurement leadership and helping others develop their procurement skills.

'The Buyer' is an anonymous former senior manager in the procurement profession who occasionally offers a view of the world from a procurement-driven perspective.

Georgia Suttie was formerly the Marketing Director of TrinityP3. Georgia managed TrinityP3's online agency register and led the search and selection process, liaising with marketing heads and departments and matching their needs to creative talent and agencies in new business reviews across the globe.

Nathan Hodges is TrinityP3's General Manager. Nathan applies his knowledge and creativity to the specific challenges of marketing management, with a particular focus on team dynamics and behavioural change.

Craig Hodges is the founder and CEO of King Content[7], Australia's most awarded digital content marketing agency.

Stephen Benrad[8] was formerly a Senior Media Consultant at TrinityP3. Stephen is passionate about helping clients manage decreasing marketing budgets through driving greater efficiencies in their media investment.

6 linkedin.com/pub/david-little/6/b1b/151
7 kingcontent.com.au
8 linkedin.com/pub/stephen-benrad/55/69b/b16

Contents

POSTS

Introduction

Firstly, I want to thank all those people who took the time to provide feedback on our first book of marketing management posts (the top 50 of 2013). Clearly the response was so positive that we decided to do it again.

Beyond being a collection of the top posts, this is also an opportunity for us to take time and reflect on the issues that caught our attention over the past 12 months – topics that prompted interest and engagement from you, the members of the marketing and procurement professions around the globe.

Today, the TrinityP3 blog has more than 750 posts covering a wide range of marketing management topics, and it is regularly read by more than 12,000 people each month. This number continues to grow, and we are grateful to everyone who participates in these industry conversations.

In reviewing the blog post readership, sharing and commenting to prepare the top 50 marketing management posts for 2014, we were confronted with two issues we needed to resolve. The first was the fact that 22 of the top 50 posts from last year continued to be extremely popular this year. We thought about including these posts this time around, but in the end we felt it would be a waste of time to publish the same content again. Instead, we decided simply to recognise the ongoing popularity of these posts by listing them here. If you wish to read them again, they can be found in our first book, which is available at most online bookstores, or on the TrinityP3 blog.

1. Defining the scope of advertising agency services to determine agency compensation
2. How many billable hours are there in a year?
3. Of the three types of collaboration, which type do you need?
4. The importance of overhead in agency compensation
5. How to calculate your agency head hour rates
6. Some of the differences between traditional and digital media planning and buying
7. Replacing ATL and BTL with content and channel
8. 12 innovative media options you may not see proposed by your media agency
9. The importance of chemistry meetings in the advertising agency selection process
10. How to build effective marketing workshops
11. Nine kinds of agency pitch process, and counting
12. iQuit from the advertising industry of Singapore
13. Two different ways to assess and evaluate agency performance
14. Three ways to make sure that social media expert is really an expert
15. Media negotiations and media buying benchmarking
16. The world's worst advertising agency scope of work
17. 12 trends in strategic marketing management for 2012
18. What is included in your advertising agency overhead cost and what is not?
19. Eight high-risk SEO strategies your agency might be using
20. How the scientific method can be used to 'test and learn' marketing strategy
21. Do you want a digital agency or a technology partner?
22. Why it is time to remove creative agencies from the production process

The second issue was the increasing amount of video content on the TrinityP3 blog and the suitability of this content for the printed form. We decided to include the transcript of a video in the case of interviews, but if the content did not translate meaningfully into print, then we merely acknowledged it rather than include it in the book.

It's gratifying to see posts by highly respected and influential guest authors in the top 50. In the early days, most of the posts were written by me and the other consultants at TrinityP3. Now we have contributions on agency selection by Debra Giampoli at Mondelez, and on marketing procurement by David Little, among others.

There are many people I want to thank for putting this book together, including all of the authors. The writers from TrinityP3 were Nathan Hodges, Anton Buchner, Anita Zanesco and Stephen Wright, plus ex-TrinityP3 consultant Stephen Benrad and marketing director Georgia Suttie, who have moved on to new adventures. Another writer was Mike Morgan, who has been instrumental in developing our SEO and social media capabilities, and in authoring content. Stephan Argent is a good friend and a fellow founder of the Marketing FIRST Forum. Posts were also contributed by King Content's Craig Hodges and the anonymous scribe 'The Buyer'.

Thank you again to Paul Smitz for sub-editing and proofing to make us all seem a little more intelligent. Thank you to Lyndell Correll for the design and production management and finished art. Thank you also to our printer, Bright Print Group.

And a big thank you to our ever-expanding group of clients at TrinityP3. It is through your engagement that we are able to provide greater insights and share trends – to help, in some small way, to improve the advertising and marketing processes for all.

Thank you also to all of the readers and commentators, and those who share our content with others.

This is the best of 2014. We look forward to writing and publishing more posts in 2015 to justify a revisit.

Thank you.

Darren Woolley, founder and Global CEO,
TrinityP3 Marketing Management Consultants

POST 1

Top-down or bottom-up budgeting: Which approach is best?

Posted 21 February 2014 by Darren Woolley

There are two basic approaches to developing a budget:

1. Top down – This is where you set the total or top budget and then break it down into its component parts
2. Bottom up – This is where you start with a list or schedule of the things you want to do and then tally up the costs to get the total budget

But which way is best? Well, it depends on a number of factors. I want to share a few examples of the different approaches in advertising and marketing, and then let you decide.

Top-down budgeting – agency style

We were engaged by a client, a FMCG marketer, to benchmark the agency retainer[1] because each year it went up by between 8% and 11%. This had been going on for as long as anyone could remember.

That particular year, the actual advertising budget and the corresponding scope of work had effectively decreased, yet the agency was again maintaining that an increase was necessary. The agency, using timesheet stats, was able to show that each year, the resources required were greater, but the client's marketing director remained unconvinced.

1 trinityp3.com/2013/11/agency-remuneration-benchmarking

We took a bottom-up approach to the issue, taking the scope of work for the previous year and the scope of work proposed for the coming year and calculating the resources required across account management, strategy, creative and production. The previous year's resources were almost 30% higher than the benchmark level, and the rates were at the benchmark. But for the coming year, the resource level was more than 70% over the benchmark, because of a significant reduction in the scope of work due to budget cuts that year.

The agency had basically trained the client to accept a cost-of-living-plus adjustment year on year as standard practice, which helped the agency with the budget predictions they gave to head office. No matter what the scope of work, the agency was taking a top-down approach – what was spent for them last year plus a suitable increase.

This approach is more common than you may think. It plays to the growth expectations of the agencies and is easy to justify where the retainer is linked to resources only and not to what those resources are producing.

Bottom-up budgeting – marketer style

A financial services marketing team developed the marketing plan for the business as part of the annual planning done in the three months leading up to the end of the financial year and the approval of the budgets. Once the plan was in place, the marketers provided it to the agency for its input on the cost of the various elements, including media spend, production and fees. They then used these costs to calculate the budget required for the year.

This appears on the surface to be completely reasonable. But the fact is that the agency fees were developed without the details of the actual task being defined. Because of the uncertainty, the agency pricing was significantly buffered to cover unseen contingencies in each job. When these were totalled up, the additive effect became a multiplier effect, inflating the overall cost.

After being calculated, the budget was presented for approval. There was the inevitable pressure from the business to reduce it, but this simply amounted to trimming the edges as the agency was reluctant to cut too deeply into its contingencies.

After the first year, we were engaged to review the agency fees[2] and the production costs in particular. It was lucky that the media trading was performing so well, because the creative and digital spends were almost

2 trinityp3.com/engagement-alignment/#1

consistently 20% over the benchmark. The bottom-up approach used meant that the incremental buffers in the individual parts multiplied to become particularly inefficient.

Top-down budgeting – marketer style

An automotive client was struggling with the budgets for models that had smaller sales volumes. You see, the marketing budget for the client was based on the previous year's volume and the predicted volumes and relative value of those sales in the coming year. This meant that its high-volume models had huge budgets compared with some of the other low-sales or lower-margin models. So, increasingly, the brand team for these smaller models with the lower budgets was limited in its advertising options.

This situation was exacerbated by the fact that the agency was working with a pricing model based on the assumption that an output was an output, no matter what the overall budget. For example, the agency would say that the budget for a television commercial or campaign was between $1 million and $1.5 million whether it was for a top-selling model or more of a niche model. The effect was that soon, the lesser models could not afford television, which is still one of the fastest mediums for building awareness.

Looking at the typical budgets for the various models, we identified three levels or brands of budgeting. Against each of these we developed a new tiered approach to the agency budgets and fees, to take into consideration the total level of investment for a model based on the top-down approach. This set new budget expectations for the agency, and the brand team and the agency continued to meet the quality and performance expectations.

Bottom-up budgeting – agency style

Most agencies will use the bottom-up approach to cost a campaign. The retainer or agency fees will be set according to the scope of work. But this approach can lead to situations that have a negative impact on the overall budget. This is because it provides an incentive to just do more, when often it is more important – and of more value – to do more of the things that work and less of those that do not.

A beverage company was struggling with budget overruns across most of its brands. The fact was that while brand budgets had been set, the category was highly competitive. Furthermore, the company had a long history of finding money to defend its market share. Its agencies were well aware of these points and took advantage of them.

We were initially engaged to review the production costs, as this was the most obvious area of budget blowout. The agency was actively suggesting extensions to the ideas and concepts. Now while this could easily be seen as a proactive endeavour and as the agency being responsive to the client's needs, in actual fact, most of these extensions were developed without approved expenditure, creating incremental budget creep and revenue increases. Also, without any approved cost quotes, the agency was not being held accountable for the cost of the new work.

What was in this for the agency? It began asserting that its hours under retainer had blown out with all the extra work, and as a result it wanted to claim several hundred thousand dollars. This was when our role suddenly changed and we began looking at the overall agency remuneration.

So which approach is best?

Each approach has strengths and weaknesses, but the truth is that both can work together. The top-down approach is ideal when using value to set the budget. But the bottom-up approach, being a cost-based model, is the best way to identify how much you can do within that budget.

Too often, marketers and their agencies will use the bottom-up approach alone, which is simply based on cost without any focus on value. The top-down approach, meanwhile, needs to be used with some flexibility in mind. Simply applying a formula without taking into consideration the variables, such as brand or product maturity, market conditions and the like, means that you can miss opportunities.

POST 2

10 brands that have successfully reinvented themselves

Posted 6 November 2013 by Stephan Argent

I always get struck by inspiration when I travel. It's something to do with that feeling of detachment when the aircraft door closes and the mobile phone finally gets turned off. It affords me the ability to think, largely without distraction.

So it was when my flight arrived in Seoul last week and the pilot parked us next to one of Emirates' new A380s. It occurred to me that Emirates is one of the most impressive (and successful) examples of brand transformation. Using that view from my window seat as a starting point, I came up with ten brands that I think have done outstanding jobs in reinventing themselves.

1. Emirates

While Emirates has been in business since 1985, it's only comparatively recently that the airline has popped up as an iconic brand. This year it won an award for 'the world's best airline'. Small wonder, since the company's focus on delivering superior customer service is backed up by mind-boggling investment in new products. Consider that the airline now has 170 new aircraft on order worth a staggering US$58 billion.

2. LG

Originally called the Lucky Goldstar Group, the company was branded 'LG' in 1995 to better compete in Western markets. Today, the company associates the letters LG with its tagline – Life's Good. And how. With revenues of US$14 billion, Lucky Goldstar is my number-two brand reinvention pick.

3. Burberry

In my view, Burberry is the poster child for product and brand reinvention. Chris Bailey, the company's chief creative officer, has done an exceptional job of redefining this previously stodgy British brand into one that's famously luxurious.

4. William Shatner

Yes, I know he was the captain of the Enterprise, but if you look up our beloved William Shatner online you'll quickly see he's billed as an actor, musician, singer, author, film director, spokesman and comedian. Personally, I think Shatner has done a supernova job of leaping from spaceship captain to Denny Crane to Priceline Negotiator and more. Is that weird or what[1]?

5. Rolls-Royce

I'm talking cars here, not aircraft engines. If you've ever driven a Rolls that's more than 10 years old, you'll know it handles a bit like a sofa – it's very comfy, but not something you'd necessarily want to do a crossword in when being driven through a chicane. But leave it to the Germans at BMW to turn former couches into a spectacular new line of cars. Rolls-Royce 2.0 is a reinvention perfectly done.

6. Audi

Still on the subject of cars, you may not know that the first Audi was made in 1910. It was a huge, lumbering beast, but it was still far superior to some of the hideous things the company produced in the 70s and the 80s. In the 2000s, though, Audi revamped its product line-up, which I believe is now one of the strongest of any automobile manufacturer.

7. Shanghai

Shanghai has been one of the fastest-developing cities in the world for the last two decades, delivering double-digit growth for most of that time. It has transformed itself from a spot on the Yangtze River to the most populous city on the planet.

1 natgeotv.com/ca/william-shatners-weird-or-what

8. Lego

While the name 'Lego' probably rings a loud bell when most people recall childhood memories, the company almost went bankrupt in 2004 after heavy investments in licensing deals. But then Lego sold a 70% stake in its theme-park business and outsourced plastic brick production, and it used the cash this generated to make its core product a staple in every child's toy box.

9. The British royal family

This family faced near disaster following the death of Princess Diana, when it was seen to highlight flaws in British society and Britain as a whole. Fast-forward 20 years and a new generation of royals, led by Kate and Wills, is reshaping the family and their country.

10. Tea

Is it my imagination or is it true that in this world of cafes on every corner, tea is starting to make a resurgence? I've got no real facts to back up this hypothesis, except that while googling the word 'coffee' yields an impressive one billion results, 'tea' turns up a whopping 4.1 billion hits.

POST 3

Five top trends for call centres and the pricing model dilemma

Posted 18 September 2013 by Anton Buchner

I recently conducted a pitch for an organisation that required the outsourcing of its call centre activity to a specialist third-party service provider. Now most industry people prefer not to use the label 'call centre' due to some bad press over the past few years. They prefer names like contact centre or BPO (business process outsourcing). But regardless of what you call them, we're talking here about outbound and inbound phone calls involving prospects and/or customers.

I'd like to give you a quick industry snapshot, keeping in mind this is an area that has undergone significant growth over the past decade. Then I'll pose the question of what is the best pricing model for an outsourced call centre – per unit or per hour.

Industry growth

According to Frost & Sullivan, the call centre market achieved record growth in Australia of 16.4% in 2010 and is tipped to achieve a compound annual growth rate of 7.5% year-on-year over the next five years.

Equally impressive is the fact that Asia-Pacific revenue grew to more than US$703 million in 2012, with Japan and Australia contributing more than 44% of that total. Frost & Sullivan predicts call centre investments will grow to US$1.16 billion by 2019, when India and China are likely to account for over 31% of total market revenue.

So what's fuelling this growth?

Industry trends

Here's a summary of the five big trends driving growth in the call centre market.

1. Off-shoring

Since the GFC, business costs have been under the microscope, and this has seen call centre activity take a major hit. Major Australian organisations such as Telstra are now off-shoring to lower-cost locations such as India, and more recently the Philippines. However, there has been a mixed reaction to this from Australian consumers, who increasingly are becoming sick of receiving phone calls from people who obviously aren't in Australia. I predict we'll start to see on-shoring, the moving of business back to Australian centres, over the next five years, especially as we move towards cloud-based solutions. Which brings us to trend #2.

2. The cloud

With the rapid adoption of mobile technology (smartphones and tablets) as well as cloud communications, there has been a shift away from license-based, on-premise software. This is changing the way organisations provide customer service, allowing greater flexibility in ramping up capacity when call volumes increase, as well as the engagement of enterprise experts who are more empowered than agents to help with call resolution. The NBN (National Broadband Network) will also be a significant factor in making cloud-based deployments the preferred model for new call centres in Australia.

3. Social media

More and more, social media sites such as Twitter and Facebook are being used to handle customer service. If you haven't done it already, make a complaint directly to a company using its Twitter name or via its Facebook page. You'll not only have the social media team interacting with you but potentially call centre agents too. Call centres, like most media service providers, have been forced to offer multichannel solutions.

4. Insights

With the rise of big data, there has been a greater marketing focus on customer engagement, customer satisfaction and data analytics. Because of this, call centres have improved the level of reporting on statistics and actionable insights from their call activity.

5. Speech recognition

The industry is paying more attention to speech analytics and call categorisation. These involve programs that identify spoken words and phrases and convert them into a machine-readable format. Call centres have been using interactive voice response (IVR)[1] systems for a while now, such as speech-recognition technology that allows customers to interact with the system by speaking instead of pushing buttons. Call centres have also adopted other speech-recognition applications such as call routing, speech-to-text, voice dialling and voice search to more efficiently handle incoming calls, and there has been a parallel trend of outbound calling with IVR-based surveying.

Pricing models

Let's go back to the question I posed earlier: Should call centre providers charge an all-inclusive, per-unit (per-call) rate or a per-call-agent-hour rate? Before trying to answer this, let's briefly look at each pricing model.

Model 1: All-inclusive, per-unit rate

This model is based on loading all costs (agents, fixtures, technology and so on) into a unit price and projecting a total campaign cost based on the volume (quantity) of calls. For example, on a $5 per-call basis and conducting 10,000 outbound calls, the project would cost $50,000 (excluding set-up and telco costs).

The per-unit pricing model can vary based on client requirements across the days of the week and/or the weekend, during working hours or after hours, or 24/7. However, it's relatively easy to make project-based quantity projections.

Model 2: Per-call-agent-hour rate

This model is based on charging for each hour that a call centre agent works on a project. Like the first model, it can be impacted by requirements across days of the week and after-hour rates. It can also be greatly affected by the quality of the call centre staff.

This model allows call centres to establish regular working agents and teams, and to schedule resources around timeslots rather than call

1 en.wikipedia.org/wiki/Interactive_voice_response

volumes. However, it can be riskier in relation to inbound activity, where call volumes may be uncertain.

The answer

Hopefully, you can now see that rather than a clear best answer, there is a *quantity* versus *quality* dilemma here.

Would you prefer a call centre service provider to get through a large quantity of calls within a specific time period, and according to a certain budget? In that case, you will be focusing on average call-handling time, call outcomes and conversion rates.

Or would you prefer the call centre agents to have more meaningful and engaging conversations to potentially drive a higher-quality result? By staying on the phone longer and encouraging customers in conversations, agents may uncover additional insights and customer or prospect profile information, as well as opportunities beyond the campaign objective – for instance, upselling, cross-selling or social advocacy.

POST 4

Five brands that have successfully reinvented themselves in the digital age

Posted 24 February 2014 by Anton Buchner

There have been plenty of brand disasters. You're probably aware of New Coke, Lance Armstrong, Vegemite's iSnack 2.0 and the BP oil spill, to name a few. On the flip side, there also have been plenty of great brand transformations. My colleague Stephan Argent wrote a thought-provoking post about brands that have successfully reinvented themselves[1]. Darren Woolley picked it up as an update to the CMO Network group on LinkedIn[2], which prompted some equally thought-provoking commentary on other brands that have reinvented themselves.

From my point of view, successful brands are the ones that can continue to connect to customers, shareholders and employees. So for this post, I thought I'd look at brands that are successfully tackling self-transformation in the digital age.

1. Beyond Meat

The California-based start-up Beyond Meat[3] is shaking up the chicken-meat market with a lower-cost substitute product composed of plant protein. Bill Gates, who is an investor, said he couldn't tell the difference between the new foodstuff and real chicken. The capacity of the Beyond Meat factory is roughly equivalent to that of a factory that processes

1 See the post titled '10 brands that have successfully reinvented themselves' on page 9 of this book.
2 linkedin.com/groups/Chief-Marketing-Officer-CMO-Network-51822
3 beyondmeat.com

18 million chickens a year, though this is a small number when compared with the approximately 8.6 billion chickens that are slaughtered in the US per annum. And it's currently working on a ground-beef substitute that can be used for meals such as tacos, lasagne and spaghetti bolognaise.

Will it achieve its vision to reduce the world's consumption of animal meat by 25% by 2020? It's too early to tell, but CNN believes that Beyond Meat will have a major impact on digital culture and is a start-up to watch. As it has financial support from Twitter co-founders Evan Williams and Biz Stone, I can see a digital conversation groundswell coming soon.

2. National Geographic

As a child, I remember thumbing through Mum and Dad's yellow-bordered *National Geographic* magazines and being transported to fascinating lands filled with exotic people, animals, colours and textures. Today, the National Geographic Society (NGS) is a great example of a powerful brand that is moving with the times and transforming itself in the digital age – albeit this is a massive undertaking, and NGS is still working out how to best promote cross-functional and cross-divisional collaboration.

Under the helm of CEO John Fahey, rather than die a natural print death because its revenues were declining, NGS embarked on a restructure, broke down silos, and made large bets on various forms of digital media, including the internet, movies, TV and cable programming – the latter saw a US$100 million deal struck with Fox in 2012.

Fahey also appointed Amy Maniatis, the first CMO in the society's 126-year history. Maniatis has been integral to the successful harnessing of social media power, driving over 20.6 million Facebook fans and four million Instagram followers to widen NGS's reach and engagement through its stunning photography, amazing stories and rich video content.

3. American Express

American Express is taking digital change seriously. At a company summit in 2012, its chairman and CEO, Kenneth Chenault, said: 'Successful transformation involves two things: ongoing reinvention and constant values, or unchanging change. One of the most important elements is that you must also be willing to break down your own business model to cannibalise your own products, because if you do not, someone else will'.

American Express is moving beyond being a mere piece of plastic and expanding into mobile payments. It has leapfrogged traditional marketing to partner closely with Twitter, Foursquare and Facebook. It has launched a major play for small businesses – American Express Open – with Shop Small[4] ideas such as Small Business Saturday and Open Forum (insights from experts for business owners).

Recently, American Express also brought together many different media strands, including live music, streaming and social media, to launch American Express Unstaged, a YouTube channel that caters for an online, music-hungry audience by providing storytelling content that captures journeys to events.

Just as importantly, American Express realised it had to re-engineer its call centre strategy. It overhauled a policy of recruiting seasoned call centre reps and began attracting employees of service companies: top-tier hotels, cruise lines and customer-centred stores. This resulted in improved customer satisfaction scores and an approximate 10% increase in service margins.

4. Domino's

Have you tried a Domino's pizza lately? If you have, then you'll appreciate how much they've changed and why the company is posting great stock and profit growth figures.

In 2008, Domino's had a problem. People were saying that its pizzas tasted 'like cardboard', and as a result, sales were in decline. It had fallen to last among the national pizza chains. But rather than abandoning its product because it wasn't selling, Domino's admitted that it wasn't good enough and promised customers it would be changed. It undertook extensive customer research and finally unveiled a new recipe that used healthier, better-quality ingredients.

Unlike the example set by New Coke, Domino's had taken an open and honest approach to the marketplace that had resonated. The company then revamped its digital presence. Domino's Australia is now estimated to be taking over 50% of all orders through digital means, including online and via mobile phone apps.

Domino's appointed Splunk to manage its e-commerce service and deliver actionable data insights on stores, coupons and other real-time activity to further drive sales. For instance, only Domino's has a pizza tracker that allows customers to track their pizza order.

4 americanexpress.com/us/small-business/Shop-Small

5. McDonalds

In 2003, global media headlines were citing 'hamburger hell' as a way of condemning the fast-food giants. Customer needs were changing, with a rise in the incidence of obesity; negativity over fast, cheap food; and the ethical dilemma of transporting ingredients over extreme distances. Anti-Macca's sentiment was finally setting in after decades of company growth.

McDonalds knew it had to be demand-driven rather than supply-driven. People were looking for healthier menu options, so the company acted by launching items such as Premium Salads in 2003 and healthier gourmet wraps and sandwiches in 2008, as well as low-cholesterol choices. It also experimented with healthier cooking techniques, selling meat that was oven-baked rather than fried. McDonalds even swapped its polystyrene beverage cups with paper cups as a result of a 2011 shareholder resolution.

Was the transformation a successful one? McDonalds Australia has almost doubled its profits over the last 10 years, so the answer would have to be yes. And the reinvention is ongoing. In 2012, McDonalds Canada undertook an unprecedented US$1 billion investment to transform restaurant design, functionality and the customer experience, which included the highly successful 'Our Food. Your Questions' digital platform. You'd have to say that it's getting it right for its target market, and that it's moved well beyond a burger, fries and Coke company.

POST 5

Let's put the creative agency selection process out of its (and our) misery

Posted 6 August 2014 by Debra Giampoli

Everybody in marketing (and procurement) knows what to do when a brand team needs a new agency. The 'go-to' process for a new agency hasn't changed since before most marketers were born:

Step 1 brainstorm a list of potential agencies

Step 2 send an RFI to each agency (usually via email) requesting that many pages of factual information be submitted (also by email), usually within two to three weeks

Step 3 use the RFI responses to shorten the list of candidates

Step 4 meet with each of the short-listed agencies to review their capabilities

Step 5 brief each candidate on an assignment for which they will have three weeks to come up with full-blown creative ideas, and details of how each would be executed through all media

Step 6 choose the agency whose ideas are best liked by members of the selection team, then award the agency the business and finalise the contract and the compensation

Step 7 rebrief the agency on the 'real work' that needs to be done for the brand and have the agency start the work

But this approach, for all its popularity and rigour, often fails to result in the outcome both sides expect. Six months later, after the first round of work has been delivered, it's not uncommon to find that the client doesn't like the agency, the agency isn't that crazy about the client, both sides are frustrated, the work isn't great, and everybody's wondering what happened.

Usually, what happened can be narrowed down to three big things (and lots of little things).

1. Your first communication was cold and impersonal

Your first communication with prospective, highly valued creative partners sent the message that your time is very important but theirs is not – not a great first impression. And it might very well have been unnecessary. Creativity is personal; RFIs are not.

There are better ways to do what an RFI is supposed to do. A good search consultant can draw from years of experience scouting agencies and offer suggestions almost immediately – not just about great agencies but also great fits for you, your brand and your company.

If you aren't working with a search consultant, do some homework on your own. Something wonderful now exists that wasn't around decades ago when RFIs were invented. It's called the internet. Use it to find out who the best agencies are, what they specialise in, who owns them, who runs them, how big they are, what their billings are, where their offices are, how long they've been in business, who their clients are, what their work looks like, and how they're viewed by others in the industry, just for starters.

When you work with a search consultant or use the internet, you learn things you might never have thought to ask in an RFI.

2. You gave the agencies an assignment and three weeks to respond

You assumed that the only way to choose an agency was to give the candidates a few weeks to respond to an assignment with authentic creative work, usually with no opportunity for them to become immersed in the brand and the company, ask questions, challenge the strategy, or interact with decision-makers.

Creative shootouts are not the only way to choose an agency. They are often not even the best way. This approach made more sense before the internet. But today, in just a few minutes, you can see the work that any agency is doing for other clients. And if they're doing great work for other clients, it stands to reason they're capable of doing great work for you. It doesn't mean that they will, because great work is based on something this approach doesn't even test for (which I'll get to in a minute), but it confirms that they have the ability to do it.

By the way, some of the best agencies today are saying 'no' to all or most invitations to pitch – and managing to win new clients and achieve success in any case. Pitches are labour-intensive for large numbers of people over a short period of time. Furthermore, they get launched with very little advance notice; they are almost always disruptive to the work an agency is doing for clients they already have; they are very expensive to participate in (a typical pitch costs an agency $300,000 or more); the hit rate is low, even for the best of them; and their star creative talent isn't always available to participate.

3. You failed to test the agency–client relationship

You failed to test for the most important factor in great work – the relationship between the agency and the client. Choosing an agency is a process that should be unlike any other process you engage in when you choose a business partner. You are choosing a creative partner, and when it comes to creativity, relationships matter. They matter so much that you won't get great work without a great relationship, no matter how talented the agency is or how 'rigorous' the selection process.

Ed Catmull, the president of Pixar, puts it this way: 'You can't judge the idea – you have to judge the team, the laughter in the room'. What he means is that you can have the right capabilities, but if you don't have the right chemistry, you won't get the best work.

A 'starter' idea won't ever become a great idea. And that's what's missing when you make the selection of an agency all about the rigour of the process and the creative pitch, and not about the relationship.

To have a great partner, you have to be a great partner

Does this mean you should never use a creative shootout to choose an agency? No. What I'm saying is don't assume that's the only way to get it done. Use it only when you have a tight strategy that you don't need the agency's help to refine, and when the 'size of the prize' (the size of the brand and the magnitude of the fee) is worth the disruption to the agencies' business and the costs they incur to participate. And even then, don't overlook the importance of the relationship and the value of getting that right before you make a commitment.

Following are some other suggested ways of making your choice and still being confident that you've chosen a great partner, each of which I've seen result in great partnerships and great work. Whichever approach you choose, commit to building a relationship with each of the agencies you are considering. There is no shortcut here, no transactional process that will get it done. Spend time with them, in their offices, in your offices, at dinner, over cocktails. Ask yourself, could you spend two days in a windowless conference room with these people and come out with something amazing?

One option is to spend some quality time with each of the agencies on your short list, find one you love, and (after a little more homework) simply award the business on the basis of its track record and the chemistry of the team. If that's too scary, consider a project assignment – a brief that has a clear start date, deliverable and end date, after which both sides can decide whether they want to 'formalise' the relationship.

If that still doesn't feel right, consider a modified pitch approach. Brief each of the agencies you've already had capabilities meetings with (ideally in their offices), and ask them for their thinking. Inspire them with a well-written 'story' about your brand – its history, its recent past, your current challenges, recent and current work, your vision for the brand's future. Ask them to come back to you in a few weeks, not with creative ideas, but with responses to questions that help you learn how they think and solve problems. (You can be confident they'll deliver on the creative aspect because you did your homework before you got to this point.) Ask questions like:

- Where would you take our brand moving forward? What do you see as our biggest challenges and/or missed opportunities? What would you do differently?
- How have you addressed these or similar challenges for other clients?
- What makes you, as opposed to your competitors, uniquely suited for this assignment?
- How would you staff for this assignment?
- What range of fees might you expect for the work?
- What would you need from us in order to do your best work?

You can add or delete questions to suit your specific situation, but you get the idea. You'll be astounded at the quality of the work that comes back from the agencies, at how clearly a winner will emerge from among the candidates, how much the agencies appreciate the approach, and most importantly, how happy you'll be with who you choose, even six months later. You'll gain a reputation as a great client. You'll do great work with your agency. They'll go above and beyond your wildest expectations. And before you know it, you'll be sharing a glass of wine together at Cannes.

POST 6

How many KPIs are optimal to drive agency performance?

Posted 2 September 2013 by Darren Woolley

The concept of performance-based remuneration[1], or payment by results, appears to me to have been universally embraced. After all, according to the latest ANA Agency Compensation Trends Survey, 68% of marketers' arrangements have a performance-or results-based payment component. The problem is that it is often poorly executed.

Almost three years ago I wrote about the 'Reasons why performance-based remuneration or payment by results often fail'[2], namely:

1. The stick is bigger than the carrot
2. The objective is virtually unobtainable
3. The calculation is way too complex (or too expensive)
4. The metrics are irrelevant to the business
5. Contribution and value creation are linked to payment

I have since noticed another reason for the failure of this approach, and it is similar to point 3 above: there are too many metrics in the measure.

The typical range of metrics

Typically, performance metrics fall into three basic categories[3].

1. Business performance (hard)

Examples of these metrics include sales, traffic, profit, market share and volume growth. These can be measured using the same criteria that

1 trinityp3.com/2013/08/agency-performance-compensation
2 trinityp3.com/2010/09/reasons-why-performance-based-remuneration-or-payment-by-results-often-fail
3 trinityp3.com/2011/05/five-reasons-agency-compensation-should-not-be-relationship-based

the advertiser uses for its internal bonus systems. The agency often claims that business results may not be within its 'span of control', as many factors besides advertising can affect business outcomes.

2. Advertising performance (medium)

Examples include product awareness, ad awareness measures, consumer measures, attitude ratings, persuasion, purchase intent, awards, brand equity, image and effectiveness awards. This kind of performance assessment is vulnerable to research technique issues, statistical anomalies and discussions of creative 'philosophy'.

3. Agency performance (soft)

These metrics relate to the evaluation of agency functional areas: account services, creative and media in terms of performance, service, relationship and cost efficiencies. This is all highly subjective and may be affected by 'entertainment' on the upside and personality problems on the downside.

The right type of metrics

Using the right metrics is more important than the number of metrics at hand. So how can you define the 'right' type of metrics?

1. Develop a list of the metrics available to you

We had a client who proposed investing almost $250,000 per year to buy data on a quarterly basis to measure and pay a performance bonus of less than $200,000. Poor investment.

2. Rank the order of importance of the metrics to the various stakeholders

Not all stakeholders across an organisation have the same objectives (which explains misalignment and lack of collaboration). It is important to align metrics to the valuable stakeholder groups. CFOs and CEOs will generally focus on financial metrics, while marketers will have marketing metrics as well, and so on. Understanding these alignments is crucial.

3. Evaluate the level of influence the agency has on the metric

No-one can control everything, of course, but marketing is about influence. Therefore, it is important to understand the metrics that the agency can influence, and by how much.

We had a retail client who wanted to measure the agency against sales, but we pointed out that the agency had more influence on foot traffic in their store, which correlated closely with sales.

4. Plot stakeholder importance against the level of influence of the agency

Create a matrix with key stakeholder importance contrasted against agency influence. At the bottom will be those metrics that are least important to the key stakeholders (let's say agency relationship performance) and at the top will be those of most significance to the CEO (profitability). Across the matrix on the left will be those metrics that the agency can directly influence (the relationship with the client) and on the right will be the metric they can least directly impact (profitability of the company). All the rest are somewhere in-between.

5. Select the most appropriate metrics for the situation

This is a balancing act. It is not worthwhile choosing metrics the agency cannot directly impact, just as it is not worthwhile choosing metrics that are not significant to the key stakeholders. But you can look for those metrics that the agency can influence and also correlate with those that are more significant, such as store foot traffic and retail sales, or brand health and market share.

The right number of metrics

A mistake often made is that in mitigating risk and covering as many metrics as possible, the final selection can look like a shopping list. This is counterproductive for a number of reasons:

- The agency ends up focusing on a multitude of metrics and actually influencing none of them
- The agency focuses only on the metrics it can directly influence, gambling that this will maximise its returns
- The relative size of the bonus paid for each metric diminishes with the number of metrics being measured, and so the influence of the bonus is also diminished
- The more metrics, the more measuring, the greater the complexity and cost, and the less likely they are to drive focus and effort

The ideal in my experience is a singular focus on the one most important metric that the agency can have some direct influence over.

For those wanting a more diversified range of metrics, three is ideal, depending on the size of the performance bonus prize.

The two reasons this process fails

There are two main reasons why this process fails. The first is that the marketer or procurement makes the performance models horribly complex by treating them as a surgical tool in supplier management. Largely, they fail because they do not acknowledge the bluntness of the tool.

The second is that the agency tries to mitigate risk by adding as many metrics as possible. Adding more-subjective metrics to the mix can ensure that, unlike empirical metrics, which will range from 0 to the highest level, they inhabit a narrow range, usually above the midpoint. But entering into a performance bonus to mitigate risk actually mitigates the reason for the performance measure in the first place. It is like an athlete wanting to add metrics such as beauty, intelligence and likeability to the factors determining the results of Olympic 100-metre events.

Success relies on a significant carrot, a clear and focused metric or metrics that the agency can influence, and which are significant to the key stakeholders within the organisation.

POST 7

Who does your media agency really work for?

Posted 18 October 2013 by Stephen Wright

The very first advertising agencies were actually media agencies. It was only later, around the mid-1800s, that these agencies started to offer creative to run in the media space they bought, as a way of attracting more clients. But when you think of the system implemented at the time, including accreditation and media commissions, in many ways the agents were more like sellers than buyers.

The media owners found it very convenient to set up accredited agents as a way of minimising the risk of defaulting debtors, by setting strict financial requirements for the media agents and effectively passing this risk on to the agencies. Then they paid the agents a commission based on the volume sold to the clients. It was only later, after the provision of creative services, that additional fees were levied by the agents on their clients. But for all intents and purposes, the agencies at this stage were more the agents of the media owners than they were the agents of the advertisers.

With the dismantling of accreditation in the late 20th century, the media agencies began to be remunerated according to the resources and services provided to the advertisers. Because of enormous competitive pressure and a largely undifferentiated marketplace, the margins fell to unsustainable levels. Yet today, media agencies continue to report reasonably healthy profits. That's because in many markets, the media owners are increasingly funding them through additional commissions and incentives.

This all begs the following questions:

1. How has this situation come about?
2. Who are media agencies actually working for now?
3. And finally, should advertisers be concerned about this?

How has this come about?

In the 90s, in their haste to gain independence from their parent agencies, the new media agency heads switched from the commission system to a resource-based system of salary costs, overheads and profit margins. But the competitive pressure of the marketplace meant that, increasingly, media agencies were agreeing to deals that just didn't make sense. There were reports in the early days of media agencies proposing and accepting deals that were the equivalent of a 1% media commission to win accounts. This meant that the stand-alone media agency model was substantially underfunded.

Recent reports have the global agency remuneration fee average netting at around 2.5% in effective media commission – at this rate, it is always going to be a struggle to deliver a good service.

During the 90s, the media market was also becoming more complex and diverse, with the development of the digital media market and other technology-driven channels. While margins for digital services are now netting at around 5%, there is constant downward pressure on the fees paid by marketers to their agencies.

Marketers have consistently demanded a better service and smarter thinking, but few have been prepared to pay for it. Now that procurement is entrenched in the media area, the decision to pay more for anything is a tough one to 'get across the line'.

Who are media agencies working for now?

For many media agencies, transparent contractual remuneration would now barely cover costs. The remuneration terms agencies need to offer to win business leave them no choice but to recover the funds from elsewhere. Their media agency rivals are doing it, so unless they play this game too, it's impossible to compete. In fact, we are increasingly seeing media agencies offering heavily discounted or subsidised fees; some have offered services free of charge.

Sadly, most advertisers and procurement personnel would rather see low costs than the best quality, and so often the best offering in a pitch will simply get passed over if the numbers don't stack up – or more appropriately, come down.

Media agencies are faced with a simple choice: recover funds at the other end from media owners, or sit back and watch their business dwindle. After all, while the advertisers are allocating less than 5% of the media spend to media agency fees, the media owners have budgeted 20–30% of the media spend for sales incentives; for digital, this can rise to 80%.

There are few in the industry to whom this is a surprise. It's the elephant in the room that everyone pretends doesn't exist.

And 'cleaning up' the industry is a pipe dream. In many cases, the wording within contracts provides legal avenues for recovering these funds, and the myriad trading companies sitting above the media agencies make detection nigh impossible, even by the most thorough of forensic accountants.

It happens, and it's here to stay, no matter how much the agencies protest that it isn't. You could argue it's not right, but the consistent downward pressure exerted by the advertisers is what has caused it.

Should advertisers be concerned?

If media agencies are now generating more revenue from the media owners than their clients, should advertisers be concerned? After all, how can an advertiser be sure it is getting value in the media area? How can it be sure that the activity recommended by the agency is in its best interests, rather than simply meeting an agency–media owner commitment?

Some suggest a media financial audit. But you only have the right to audit the agency accounts that relate to your business. What if the fund is passed through a related third party, such as another entity owned by the holding company? Or what if the value is provided through bonus inventory which is being monetised with another client's account, which you cannot audit? Financial audits may find the mistakes, but they will not find the new rivers of gold in media.

Others demand more transparency from agencies, a directive that is largely falling on deaf ears at the agency end. It matters little anyway. Transparency alone is no solution as it will simply return agencies to the days of unsustainable levels of remuneration. Also, media agencies are a much more consolidated proposition than creative and digital agencies, with the major holding companies dominating the media landscape. Furthermore, even if the advertisers are left in no doubt as to what is going on, none of them will be willing to pay the fees required to stop it. In fact, many will use the knowledge simply to try and extract these funds for themselves. Both agencies and media owners will strenuously fight this.

So what can advertisers do?

In this environment, it is critical that advertisers set clear performance goals and ensure the media agency is held directly accountable for meeting them. These performance goals should be both client-based and media-based. Media performance assessment should move beyond reach and frequency goals to include leads, sales and brand-tracking measures. This way, the agency will be paid and rewarded for the value it contributes or creates.

If aggressive, client-based value targets are being met or exceeded, then the unknowns of media owner kickbacks and pay-offs matter little. And the greater the bonus potential and upside offered by advertisers, the more likely they are to receive a healthy share of the free inventory and other goodies media agencies increasingly have at their disposal as a function of these deals.

The rules have changed, and the smarter advertisers are adapting. They recognise the new marketplace and maintain control, ensuring that agencies continue to work for them rather than for the media owners. Others in the industry, however, are finding the new paradigm confronting and confusing. They are like King Cnut, who stood on the seashore and shouted at the tide to stay back.

So what are you going to do? Stomp your feet and demand transparency? Or work out how to use the situation to your advantage?

POST 8

The role of marketing procurement: a procurement leader perspective

Posted 13 June 2012 by Darren Woolley

During the CIPSA Category Week event that took place in Sydney from 29 May to 1 June 2012, I invited seven senior industry professionals to form a panel to help the audience of procurement personnel 'navigate the murky waters of marketing procurement'. In this post, panel member Adam Titterton gives his perspective on the issue.

Adam Titterton, former head of procurement, ING Direct Australia

Procurement, not having a direct reporting line with marketing, should never assume that it will be able to influence 100% of marketing spend. Marketing will only ever allow any spend to be influenced where it genuinely feels value can be provided by procurement. This often translates into being a conduit between the agency and the marketing team.

Procurement's role should firstly be to analyse how the structure of a marketing deal is working (or not working) and provide input on maximising the value to the relationship(s). This means taking a step back from the operational function and making recommendations on commercial structure, reducing agency duplication, measuring success/reward, reporting and governance. Never focus on taking cost out – only suggest bringing value in!

Secondly, as we all know, this category is highly emotive. If the relationships are not managed, they fracture, and where this occurs the work ultimately suffers. This is why procurement should never try to disrupt the relationships between the marketers and the agencies, but should only try to make them stronger. When a relationship can't be salvaged, procurement can always follow the lead of marketers in how they would like to move forward.

That said, this doesn't always mean that the relationship between agency and marketer should be paramount. It is equally critical that the procurement–marketing relationship is just as strong, or even stronger. To enable this, a high level of visibility has to be established and maintained. Where the two groups are physically located is critical. Similarly, embedding the procurement contact in the marketing team, or locating them there on a part-time basis, will establish trust.

Only when the marketer has confidence in procurement will it then allow procurement 'into the tent' and begin to take on its advice. Relocation will generally hasten the process.

Finally, procurement can provide a great deal of value in this category simply by steering clear of the day-to-day issues and instead providing advice on how to establish a long-term, sustainable commercial relationship with the agencies. This means actively contributing to the solving of problems, the addressing of which may not be the core skill of a marketing team.

Successful engagement with marketers takes time. It is usually measured by the level of inclusion of both the agency and marketing, and the degree to which the recommendations provided by procurement are included in the overall marketing plan.

There is no silver bullet for success here, nor will this category suit all procurement professionals. Those who do succeed are the ones who can draw on a reasonable level of emotional intelligence to successfully negotiate the many nuances of the marketing category.

Top three tips for procurement people working in the marketing category

1. For true engagement, relocate to the marketers' floor – either permanently or part-time – to maintain visibility and trust
2. Relationship, relationship, relationship!
3. Avoid procurement speak, and don't talk about savings

POST 9

Are digital agency pricing models stuck in the 90s?

Posted 25 September 2013 by Anton Buchner

I'd like to spark some healthy and honest discussion about global network agency groups (globals) versus independent agencies (independents). Now, having worked in both globals and independents, I can say that globals have many positives, such as knowledge sharing, scale, training, integration, client bases, staff growth opportunities and so on. But I can also say that globals often overcharge for major digital solutions, whether they are centred on websites, platforms, apps or e-commerce.

Globals have two main justifications for charging higher prices:

1. to cover a higher cost structure and therefore recoup higher revenues in order to maintain profit and growth figures
2. in the clients' words, 'the Tier 1 client factor' – globals often charge Tier 1 clients higher rates because they know they have big budgets

I believe in charging a higher price for higher-quality products and services. However, this is the key issue. Are the globals delivering higher quality with more resources, or are they stacking resources onto projects to justify higher price tags?

Steering clear of time-based costing

It's an old tech consulting strategy to put more people on a project because of the remuneration that flows from this. There's an incentive to bring more people on board because you can make more money that way. That's when you get an ever-growing team and longer and longer time frames!

For the globals, it's a simpler formula. The more people on a project, the more hours can be justified in timesheets. And the more hours that can be justified by the agency, the more revenue it can negotiate. Time is the key component.

But is the time spent on a project justifiable? How much duplication of tasks is there? Does a particular person need to spend 100% of their time on a project? Are they really working on the project all that time, or are they working across multiple projects? Do clients need the hierarchy of staff that's often applied to digital projects – directors, managers, group managers, division leads, senior project leads, project managers, coordinators and so on?

The problems are clear. Which is why I would challenge globals to move away from time-based costing and focus on output, or at least include it in the pricing model. The content strategist, data scientist and social business manager line items need to be there.

The value equation

The lead of the independents needs to be followed. Most independents are lean and therefore able to keep costs down. They are also typically hungrier and more flexible, and they work smarter to implement digital solutions more efficiently and effectively. They don't have local and global management structures to report to. Their focus is more on a smart solution and then the output, or value, of what they deliver, as they're always looking for that next project.

Independents also aren't generally tied to technology platforms within a group and can often be (though not always) truly independent in recommending digital solutions. Gone are the heady days of charging $200k+ for website builds. Gone are the days of charging $200k+ for content management systems. Gone are the days of charging $200k+ just to build a digital presence.

As an example, a B2B client wanted to develop a phone app that allowed its customers to easily see its web presence and exposure. It briefed its global network agency which, two weeks later, came back with a proposal for a $160,000 feasibility study! One of the company's marketers knew a small independent digital agency which was then briefed. It built the app in six weeks for less than $20,000.

In today's socially connected world, it's not so much about the 'physical structure' of what is being built, but more about the content experience and consumer engagement post-implementation. It's about owned and earned media, user-generated content, data analysis, insights and iteration. It's about living in beta. It's about listening, monitoring, relevance and real-time reaction.

So why do agencies still focus so much on building versus behaviour? Why not charge in the \$25k to \$100k territory and then focus on being remunerated according to performance metrics? Wouldn't it be more effective to build engagement metrics and performance reports that allow clients to be agile, reactive and relevant? Think of clients like Oreo.

Ah, the client! Yes, finally they get mentioned. Shouldn't it be more about the client, about what they really need, about how an agency can help set them up efficiently and then scale based on demand?

At TrinityP3, we call this the value equation[1]. It's output-based and helps clients set realistic measures, processes and structures with their agencies.

1 See the post titled 'Is advertising agency compensation trapped in a cost based model?' on page 68 of this book.

POST 10

What does Google Hummingbird mean for marketers?

Posted 1 November 2013 by Mike Morgan

Recently, there has been a massive shift in the way search works – you could say that the internet is starting to grow up a bit. One of the biggest innovations has been rolled out over the last couple of months, a new algorithm known as Google Hummingbird. Before discussing it, though, let's take a look at a bit of background.

Google rules

Any major changes in search will have a significant impact on everything else in the digital marketing field. Google rules the kingdom, and when it makes changes, everyone takes notice and adjusts their strategies – or they should.

There are very few platforms on the web that can afford to thumb their noses at the search giant. Every day you are using more of its products. Just think about it – there's Gmail, Chrome, Analytics, Webmaster Tools, Google+, Google Places, Google Maps, YouTube, Adwords, Search, Picasa, Android, Google Drive … the list goes on.

Why did Google change the face of the web, and why should you care?

Google's business model is based to a large degree on selling advertising. Yes, those ads that appear in the top three positions. Those ads that run down the right-hand side of your search results. Those 'Shopping' results with images and prices that look a lot better than the plain old text results.

The reason Google is so successful at selling these ads is its complete dominance of the 'organic search' space. No-one else can come close – Bing and Yahoo! trail miserably behind, and as much as people like the idea of DuckDuckGo[1], it really is nowhere near being a viable threat.

Now comes the balancing act – Google wants to increase its revenue, but it does not want to sacrifice a reputation for offering the most accurate answers for any given query. This is across billions of searches and a potential series of results based on billions of web pages. As soon as Google becomes seen purely as an advertising network, its value is gone. Searchers must continue to see the most relevant web pages served up or they will go elsewhere.

Organic search delivers this accuracy, which is why it is trusted above the paid results. Anyone can pay for a position, but organic placement must be earned. Unfortunately, anything that has the potential to be so lucrative will become a target. We all see approaches like these: 'Be number one on Google and drive thousands of visitors to your website – watch your business EXPLODE!' Of course, the only exploding your business will be doing with unsolicited offers like these is of the 'going bust' type.

To counter the large number of people who devised ways of hacking the Google algorithm, there had to be a pretty substantial plan.

How did Google counter the growing wave of manipulation?

It started with the Panda update[2] that was rolled out in February 2011. This was Google's first major assault on manipulative behaviour. Since then, it has continued to deliver shock wave after shock wave to an industry that has often found it easier and more efficient to use automated software or webspam to get quick results (often euphemistically called 'scaling').

Panda continued to be upgraded on a regular basis over the following year. Then, in April 2012, Google hit the web with the Penguin update[3]. This turned web marketing on its head. The major methods for artificially gaining authority for websites were now not only virtually useless but in fact had become a source of penalties. This led to a huge loss of business for many, and there were numerous cases of collateral damage.

1 duckduckgo.com
2 en.wikipedia.org/wiki/Google_Panda
3 searchenginewatch.com/article/2279845/Googles-Penguin-2.0-Algorithm-The-Definitive-Guide

The quantity of inbound links had always been a big contributor to site authority. And everyone had known that the keyword focus of links (anchor text) pointing to your site 'helped' search engines understand what your site content was about. Well overnight, quantity meant nothing unless the links came from high-quality sources, and having anchor text that favoured exact-match keywords instead of a brand name became a penalty magnet. The SEO industry and many businesses reeled from the effects of this major and unannounced shift in policy.

Two new industries sprang up as a result. The first was 'negative SEO', the sabotaging of competitors' sites by pointing thousands of toxic links at them. The second was 'link clean-up' – getting rid of those links and begging Google for forgiveness. (In some cases, both of these services are supplied by the same unscrupulous companies!)

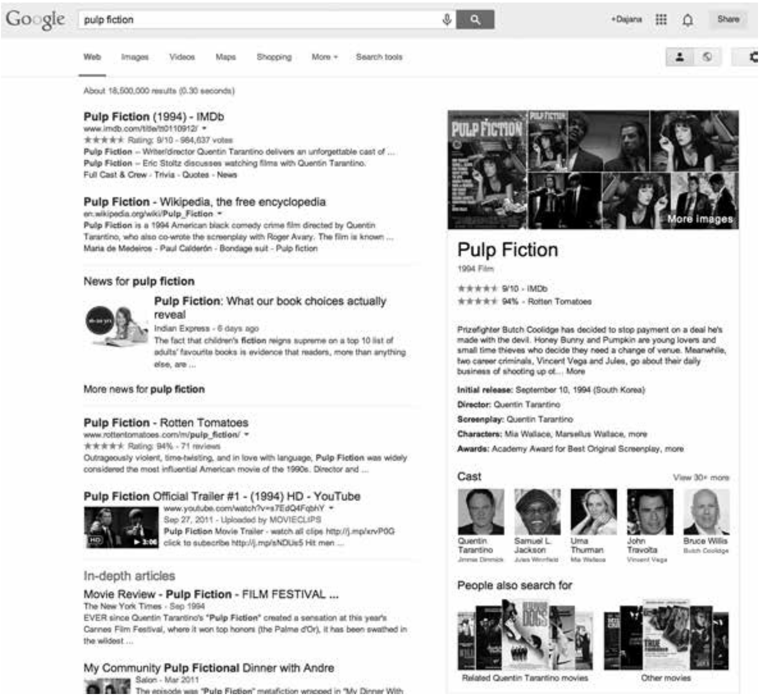
On Google's part, now that it had made serious inroads into cleaning up spam, it was ready to deliver something just as innovative.

The Knowledge Graph

Although the Knowledge Graph[4] is a fairly new addition to search, I think most of us have become used to its features fairly quickly. A large number of marketers cried foul on its introduction, but there was no deviation from Google's core purpose – to deliver accurate information as quickly and effectively as possible. The complaints were really about the fact that, in a large number of niches, people no longer had to click through to a website to get the answers they were looking for. The answers to a query were presented without the searcher having to leave a Google product – i.e. Google Search.

Analysts have found inaccuracies in numerous instances, but this is to be expected to an extent with any new technology. For the most part, the Knowledge Graph works as it should. Take the example on the next page – a search on 'Pulp Fiction' (it's appropriate, as Darren Woolley, the founder of TrinityP3, is considered the 'Mr Wolf' of marketing communication).

4 google.co.nz/insidesearch/features/search/knowledge.html



Without having to leave the page, you can get answers to questions about the movie's cast, director, release date, ratings, a snippet from Wikipedia, images, characters and awards. IMDb would not have been impressed, as the movie news site would have seen its traffic decrease significantly.

The Knowledge Graph also kicks in when you search for known brands, products, people, celebrities, historic events, recipes, flight times, the stock market, sports, weather and much much more.

But Google was not content with just introducing Knowledge Graph. It had even more in store.

The keyword data (not provided) issue

The next big hint of a shift towards something completely new was the appearance and growth of something that was extremely disturbing to marketers and data analysts.

Keyword data had always been one of the most important metrics for measuring the effectiveness of SEO, as well as for seeing how well a content marketing strategy was performing. You could easily track which keywords were bringing visitors to a site and could demonstrate how certain content was effective in not only rankings but also converting people to visitors.

When '(not provided)' was introduced under the flimsy guise of a 'privacy issue', very few marketers believed this to be the case. Initially, this segment of mysterious data was relatively small, but within months it had become a substantial percentage of keyword data for most sites. (Interestingly, technology-based sites were hit the hardest – coincidence?) This became a significant frustration, and many marketers developed tactics to deal with this gap in information, many of them convoluted and completely inaccurate.

Then, a few weeks ago, Google announced and enforced a 100% (not provided) rule. The reaction was pretty incredible – 'Did Google just destroy the web?', 'Google – the evil empire!', 'Google hates SEO and marketers', 'Google wants to control us all', 'Google hates small business', 'Greedy Google'… and so on.

None of which, of course, is true.

The Hummingbird algorithm

Unbeknown to the majority of marketers, Google had quietly replaced the majority of its algorithm in August and begun testing and tweaking it. Only a small number of data scientists picked up on the fluctuations in search behaviour. Most significantly, the world did not end. This is possibly one of the most important changes in a decade to how the web works, and most people did not even notice. Until they were told.

Hummingbird was officially announced at the garage where Google began business, to coincide with its 15th birthday – nice touch! And although there was a bit of confusion around whether Hummingbird was actually a new algorithm, Google was relatively clear about the purpose of this new technology.

How does Hummingbird work?

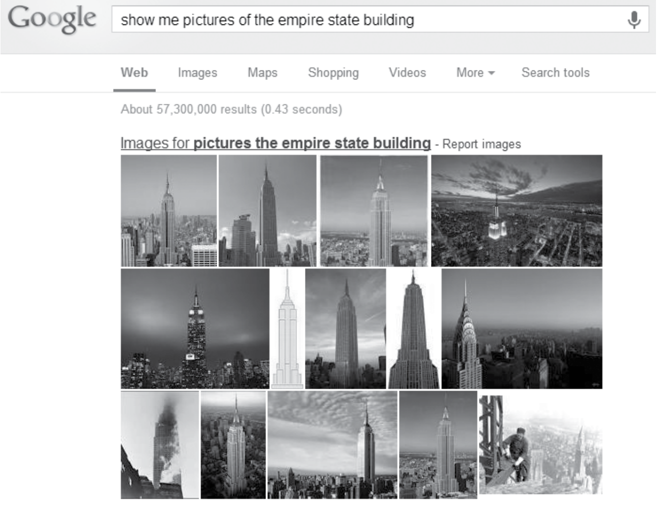
> Our algorithm had to go through some fundamental rethinking of how we are going to keep our results relevant … The main focus is that the new algorithm allows Google to more quickly parse full questions (as opposed to parsing searches word by word), and to identify and rank answers to those questions from the content they've indexed.
>
> Source: Amit Singhal, Google senior vice-president

Hummingbird has shifted the emphasis in search, and it has done this with one eye firmly on the future.

Traditionally (if I can use that term), search has been driven by keywords. People have learned to use shortened phrases that machines will interpret to give an accurate result. There is very little similarity between keyword-based searches and natural language use. A search like 'strategic marketing management consultants', although effective in finding companies that are authoritative in this field, uses language that is shortened and a bit clumsy.

What Hummingbird has begun to bring to search is natural language queries or 'conversational' language accuracy. This means that a search such as 'The top strategic marketing management consultants in Australia'[5] (check out this one – you might find the results interesting) will be recognised despite the target pages being optimised for specific keywords that only cover a portion of this full search query.

The encouragement of conversational search is happening for a couple of reasons. The first is the future of Voice Search[6]. Although this has been around for a while, its use will intensify as more mobile users seek it out. This will be amplified by the uptake of Google Glass[7], which is so far limited to an 'Explorer' beta launch. As users are not going to speak in keywords, conversational search will have to be accurate.



5 google.com.au/webhp#q=Find+the+top+strategic+marketing+management+consultants+in+Australia
6 google.com/insidesearch/features/voicesearch/index-chrome.html
7 google.com/glass/start/

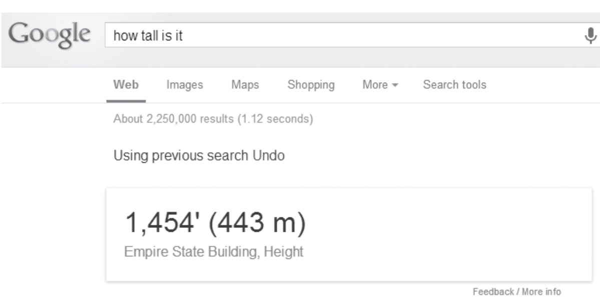
The second main prompter of conversational search is the vast improvement in semantic intelligence[8]. Disambiguation and searcher intent have become a primary focus, one taken from a greater understanding of context. Language is an incredibly complex thing and there are numerous meanings for the same words based on their context. So Hummingbird had to be smarter at identifying user intent based on possible meanings of other words in the full context of the exchange.

Additionally, if a user is on a mobile device, their intent is likely to be quite different to that of someone on a desktop. An example of this is how a mobile user who searches for a particular product will be given local stores based on location, whereas a desktop user might be given a range of e-commerce solutions that ship to their country or even a definition of the product, or other information if this is seen to be appropriate.

So multiple factors will influence the results – geographic location, device type, previous search history, context, semantics and much more – to enable a close match with what people are looking for.

Another fascinating development is the ability to recognise a series of queries. An example was given in a recent Forbes article[9], where a prior search was taken into account in subsequent queries.

As you can see from the images opposite and below, the second search follows how natural language would be used. Instead of the follow-up being 'How tall is the Empire State Building?', it is simply stated as 'How tall is it?', and the algorithm looks at the previous search for context.



8 en.wikipedia.org/wiki/Semantic_search
9 forbes.com/sites/denispinsky/2013/09/30/google-hummingbird

What does all this mean for marketing?

I see all of these developments as being very positive. There has been so much confusion around keywords for so long and often, one of the first tasks regarding new SEO projects is to undo overexuberant keyword use both in metadata and content.

Shouldn't we be writing for search engines?

No.

Shouldn't we get as many keywords as possible into our metadata because that helps us rank well?

No.

Shouldn't our titles read Keyword 1 | Keyword 2 | Keyword 3 | Brand?

No. Not since about 2009, anyway.

Shouldn't we use our target keyword multiple times in our content?

No.

Should I forget about keywords then?

No. Definitely not.

Keyword research is still extremely important in ensuring your content will be found. Keyword optimisation is still important too. What has happened is the moving of keywords from a tactical base to a strategic one. And to help calm down individual keyword obsession, Google has kindly given us (not provided) and has shut down the Google External Keyword Tool, replacing it with Keyword Planner.

To be completely honest, optimising for specific phrases targeted at page content, and being able to show not only international rankings but growth in numbers of visitors as a direct result, was a pretty effective bragging rights tool. But who did it really benefit? The client? Not really.

Now that we do not have to focus on tracking specific keywords, what should we be doing?

More than ever before, your focus must be on regularly creating high-quality content:

- content that answers your customers' or clients' most important questions
- content that demonstrates your expertise
- content that is comprehensive and generous with information
- content that engages and is shareable through social media
- content that is unique and newsworthy

And when you want to track results, look at the growth in organic visitors, numbers of pages viewed, time on page, most popular content, unique visitors, conversions, and traffic from other sources. Forget about whether Keyword 1 has gained 0.25 of a position!

How has content strategy and SEO changed post-Hummingbird?

It hasn't really changed at all. Some elements will continue to drive digital marketing success:

- publish high-quality content frequently
- audit your web properties regularly for technical compliance and errors
- focus metadata on page content, not wish lists
- develop a broad reach through social media
- stop ignoring Google+
- ramp up your PR efforts
- update your design and user experience
- factor conversion rate optimisation into your web pages
- evaluate your PageSpeed and make improvements
- build relationships with influencers and authorities in your niche
- develop an effective content-promotion program
- talk to your audience in a voice that is compelling and relevant to your market
- be innovative and creative with your efforts
- test and learn, test and learn
- monitor all your efforts through Analytics and Webmaster Tools
- allocate time each day to keeping up with developments and to hear what thought-leaders are saying
- understand Google Webmaster guidelines

Nothing new here, really.

POST 11

Six things every marketer should know about great pitch consulting

Posted 9 September 2013 by Anita Zanesco

Someone once said to me that running a new business pitch[1] was the shallow end of the pool for consultants looking for interesting strategic projects. I beg to differ and thought it worth a post extolling the virtues of great pitch consultants who genuinely want to make a difference, over those who see it as easy money.

This post is useful for any marketer who may potentially need or be interested in using a pitch consultant, and to a lesser extent, any agency involved with pitch consultants. It may also be useful for anyone who is keen to become a pitch consultant but is currently hesitating due to the risk of being labelled 'shallow'.

The art of running a pitch

I believe there is an art to running a new business pitch. If you are a client wanting to pitch or an agency wanting to get on a pitch list, you need to appreciate a few things.

The first is that great (and I stress the word 'great', as why would you actually pay money for anything less) 'pitch doctors', 'pitch consultants', 'pitch witches', whatever you want to call them, are not just highly organised control freaks (though I readily admit that can be a tendency of mine). They also tend to have exceptionally high EQ, a respectable IQ and an intimate understanding of the strategic and creative process.

1 See the post titled 'A more efficient process for selecting the perfect agency' on page 60 of this book.

Secondly, because of the above, pitch consultants have the ability to make life extremely easy for clients who commission them to run the search and selection process for hiring a new long-term agency partner, be it for creative, media, digital or any other discipline. In fact, their fee would more than cover all the head hours it would take for a member of staff to run the process internally, not to mention the value their industry intelligence adds to the process.

Where pitch consultants really come into their own, though, is when things don't go to plan, such as when a pitch becomes more complex – which seems to happen in nine cases out of 10, as people, opinions and creativity are never black and white.

The six things that make a great pitch consultant

There are undoubtedly more, but here are half-a-dozen factors to consider next time you find yourself shopping for a pitch consultant, or when considering the pros and cons of using one over running a pitch yourself. It's when that complexity kicks in and the shallow water gets deeper that you may find having a great consultant on board a real lifesaver.

1. Great pitch consultants are impartial

There is nothing in it for great pitch consultants to side with a particular agency. The best consultants genuinely want the best agency for their client.

The chemistry sessions[2], for example, tend to be the first real point of focus, where consultants start to get a really good feel for how a client and an agency interact. Great consultants aren't as interested in the content of the chemistry session as they are in the communication, positive reaction, finding common ground, positive body language and so on. In their notes, rather than finding personal opinions like 'Agency case studies lacked relevant content', you will find things along the lines of '11.35am: clients uninvolved and unimpressed with case studies' or '12.05pm: CEO checking emails and doodling – no interest in creative'. It is after the meeting that the consultant shares their observations with the client to help them probe deeper, aid discussion and guide decisions as to who will progress to the next stage of the process.

In the same way, when dealing with agencies, great pitch consultants treat each agency equally, offering the same level of service, openness and information to all. It is extremely difficult for clients to remain impartial

2 trinityp3.com/2011/12/the-importance-of-chemistry-meetings-in-the-advertising-agency-selection-process

throughout an entire pitch process, so having a third-party consultant armed with a robust system to help you navigate deeper waters helps remove unnecessary emotion and keep all parties focused.

2. Great pitch consultants have high EQ and are generally people-driven

EQ can't be measured. To quote one of my favourite clients, 'You've either got it or you haven't'. Great pitch consultants have got it in spades. They 'get' people. And pitching is a people process, whichever way you look at it.

Yes, you might be looking for an agency that's highly creative, super-strategic, dynamic digitally or working magic with media, but at the end of the day you need people who 'get' you and your brand, challenge you and inspire you to greater things. Any pitch consultant worth their fee gets that and wants that for you.

3. Great pitch consultants offer insights from experience

You want to work with consultants who have experience and insight. They use this insight to counsel both the pitching client and the pitching agencies. They do this with care and consideration, objectiveness and discipline. And they try as hard as possible not to offer opinions that aren't backed up by that insight!

4. Great pitch consultants use proven processes that guide the client through the pitch

I am exceptionally lucky in that I consult via TrinityP3, whose processes are the most comprehensive I've ever encountered in working with pitch consultants both here and in London. They are based on years of experience, trial and error, and an absolute commitment to getting the best results for clients.

Having a process that is fair to all parties, results-driven and robust is a necessity for any client who wants to pay for pitch consulting. Not only will you have a proven step-by-step guide to take you through the maze of potential partners, you'll also get a full package of support documentation – at the end of the process, your decision, and how you got there, can be justified to any interested party.

5. Great pitch consultants have unique tools that add more value than you can price

To use another consultant's words, a lot of pitch consulting is hand-holding, but 'in amongst the hand-holding are moments of sheer brilliance'. That is what makes a great pitch consultancy stand out, and makes it worth every penny.

These moments of brilliance might arise as inside intel, a unique workshop technique or financial intelligence and benchmarking to which other pitch consultants don't have access. Regardless of what it is, next time you are considering using a pitch consultancy, perhaps ask them if they have any tools or processes that make them truly brilliant and see what they say.

6. Great pitch consultants feel like part of your team

As a paying client, you should feel that the pitch consultant is a part of your team – there needs to be chemistry between you and your pitch consultant as much as there does between you and the partner you are looking to hire. It should be a given that you can rely on your consultant when you get into deeper waters and trust them to lead you to dry land again.

If your pitch consultant doesn't get you and you don't get them, then what are you paying for?

When shallow waters run deep

In response to the comment that running a pitch is the shallow end of the consulting pool, it may well be, but what happens when you find yourself floating in deeper waters?

Running a pitch is only shallow if it is extraordinarily straightforward and involves a maximum of one or two people. Throw in a few strategic waves, creative undercurrents and some learner swimmers, and all of a sudden it's not so shallow anymore.

Having a third-party pitch consultant on hand, and a great one at that, can make these deeper waters more than manageable. Handled with intelligence and objectivity by the right person, a pitch that utilises a strategic process and unique tools, not to mention moments of brilliance, can save a company hundreds of head hours and provide complete guidance and reassurance as a client makes decisions about a partner for the future. You will be as happy as a fish in water!

POST 12

How do your agency rates stack up and why?

Posted 2 April 2014 by Darren Woolley

Working out the rate for agency hours is commonly misnamed as a cost-based calculation. This means that for the same resource, such as the group account director, the rate charged will always be the same. This is because the approach for calculating the rate is based on multiplying the direct salary cost by the overhead and profit multiple and then dividing by the number of billable hours per annum to get the hourly rate. We have previously detailed this approach[1]. In fact, we built and released a phone app to make these calculations for you[2].

What we have also found is that for the same agency, resource could be billed out at several different rates to different advertisers. This is not wrong, as the agency has the right to negotiate the rates it recovers on its staff. The lower rates are usually delivered through reductions in the overhead and profit margin multiple. What is interesting is what the drivers are of the difference from client to client.

1 trinityp3.com/2012/10/calculating-agency-resource-rates
2 trinityp3.com/mobile_apps_for_business

	Your rate (per hr)	Benchmark median (-60 -50 -40 -30 -20 -10 +10 +20 +30 +40 +50 +60)	
Implementation Planning (Incl Digital)			
Group Director of Planning & Investment	$235		-1.22
Director of Planning & Investment	$300		+0.61
Manager, Planning & Investment	$120		-0.62
Assistant, Planning & Investment	$100		+0.28
Search			
Key Word Research	$160		+0.14
EM Strategist	$185		-0.82
SEO Strategist	$155		-2.88
SEO Writer	$155		-1.22
Data			
Analysis	$285		-1.11
Segmentation	$200		+0.35
Reporting	$100		-2.04
Traditional Buying / Investment			
Head of Investment	$375		+0.87
Group Director	$220		-0.94
Investment Director	$200		-0.56
Investment Manager	$100		-1.23
Executive	$80		-1.13
Assistant / Coordinator	$75		+0.53
Digital Buying/Planning/Investment			
Investment Director	$250		+0.58
Investment Manager	$100		-0.95
Executive	$80		-0.55

The agency rate benchmark report from the Ad Cost Checker system

TrinityP3 has been collecting, analysing and benchmarking agency remuneration[3] for more than a decade across all major agency supplier categories, including creative, digital, media, design and social, as well as the disciplines within each of these categories such as management, account management, strategy, conceptualisation, production and implementation. In our analysis of the data, some significant trends in agency rate level were identified across the various types of remuneration arrangements.

Remuneration type

The first major influence is the type of remuneration. Is the rate part of a retainer, with a guaranteed cash flow, or is it a project-based model with no commitment to volume? The guarantee of payment level and cash flow will usually prompt the agency to offer some type of overall discount in the range of 10–15% on the non-retainer or project rate. In some cases, this can be seen in the difference between the rates used to calculate the retainer and the rates proposed by the agency for the non-retainer work, especially production-related costs.

We believe that, as a matter of principle, if the agency is being paid a significant retainer, then it is disingenuous of it to charge the client a loading on the non-retained hourly rates. But this does happen, and quite regularly.

Agency size

The agency size, which is defined more by perception than by a particular metric such as full-time employees, has an interesting impact on the rates typically charged. While smaller agencies are usually considered to be more cost-effective, this is not always the case. In fact, many smaller agencies do not have the economies of scale or the back-end efficiencies to maintain or offer lower overheads.

Often, the senior management of the agency will have come from some of the larger agencies and will be inclined to recover their salaries at the same levels. This is justified by positioning the senior level involvement as a benefit, but it also sets expectations for the rates that the other members of staff are charged.

Agency ownership

The ownership of the agency also appears to impact the agency hourly rate, with independent agencies having a lower rate than the larger

3 trinityp3.com/engagement-alignment/#1

global network agencies. This is usually around 10–15% on a like-for-like basis and correlates well with the typical network rate of recovery from individual offices to cover regional and global operational costs. These are the fees paid by the individual offices in the agency networks and are calculated as either a percentage or payroll. Obviously, independent agencies do not have these regional and global infrastructure costs for recovery.

Advertiser size

It is not just the agencies that impact the rates charged. These are also dependent on the advertiser, as the agency will set its pricing according to the particulars of the client.

The size of the client and the project provide economies of scale for the agency, with the large advertisers and the larger projects favoured by significant reductions in agency rates. Interestingly, the larger the agency, either network or independent, the greater the discount in rates from the norm. The level of discount offered by the larger agencies is inclined to be greater, and to decrease as the size of the agency decreases. However, larger advertisers generally have the negotiation clout that leads to discounts across the board.

Advertiser ownership

It is interesting to note that local advertisers are inclined to get better rates from both independent and network agencies, compared with their global or multinational corporation advertiser counterparts. This is often reflected in the complaints of many marketers working for global brands about the rates they are paying in their local markets.

Local advertisers appear to leverage their knowledge of the local markets to negotiate rate reductions across the board. In this situation, rate reductions are achieved wall to wall, but again, the larger the agency, the larger the discounts.

Advertiser alignment

Where global or multinational marketers are particularly successful is where there is a global alignment with a network agency. This is because the scale of a global agreement, the role of procurement and the negotiation approach can deliver the most significant discounts in global network agency rates, compared with other advertisers.

Non-contributing factors

There are a number of factors that some advertisers believe impact the rate they pay, including the category they are advertising, the level of complexity of the project or brief, or the length of the relationship. But we have found no evidence in the rate analyses to suggest that any of these have a major influence on the agency rate.

If anything, these have a tendency to drive up the number of hours charged rather than impact the rate. The number of hours required to deliver a particular outcome is a very different type of benchmark that we use to analyse the efficiency of the current agency relationship.

Check your agency rates against market

Using the data we collect, we have developed an online application that allows agencies, procurement and advertisers to check rates against the market based on the influences and trends we have defined here. The system is called Ad Cost Checker[4]. You can access the various benchmarks we have developed[5], or download a typical benchmarking report[6].

Ad Cost Checker provides you with an independent source of validation with which to check agency rates. So, how do your rates stack up?

4 adcostchecker.com
5 adcostchecker.com/benchmarks.html
6 adcostchecker.com/sample.html

POST 13

10 things procurement needs to know about digital marketing

Posted 7 February 2014 by David Little

In an age of increasing budget accountability, the need for closer collaboration between marketing and procurement colleagues is greater than ever. For procurement professionals, understanding the importance of value creation and leveraging effective agency relationships (instead of cost-out thinking) are the keys to transforming this relationship.

Here are some pointers on understanding the challenges marketers face and how you fit in.

1. Recognise that digital marketing is not a bolt-on

Simply 'bolting on' digital to your plethora of other ATL (above the line – mass media) and BTL (below the line – niche communications) activities does not work. Since the digital medium should result in an integrated consumer experience from start to finish, your agency roster should reflect this. You and your stakeholders should have a common understanding of this strategy.

2. Understand your spend split

Is your budget balanced? Consider the following:

- Traditional marketers spend on digital as follows: 60% on working media, 20% on content creation, and 10% on employees and agencies
- Digital 'best practitioners' spend as follows: 30% on media and 50% on content

While this isn't a hard-and-fast rule, you should look at your spend split and understand why it is the way it is.

3. Balance technology and marketing

Today's digital agencies should have a balance of technology and marketing competencies. Does yours have the right talent in both? Is it all in-house, or is something being subcontracted at an unknown mark-up? Like the decoupling of TV advertising production, consider the equivalent distinction between creative and digital production activities.

4. Control your creative and technical content

Creative and technical content should be controlled in a way more akin to online publishing to avoid issues like mixing old and new copy, contradictory technical info, reports of quality issues or negative consumer reviews. You can help in identifying instances of these.

5. Agree on return on investment

You should agree a measurement of ROI with your agency as a matter of course. Isolate the impact of your campaign from other activity and report only those measures that lead to useful insights. These and agency performance criteria should be formalised, of course, in a contract.

6. Optimise your consumer reach

Are you optimising your consumer reach? Are you advertising to consumers who already have your product? Do you have two or more agencies reaching the same consumers with similar messages, or worse, conflicting messages? Since only advertisers can keep records of consumers' personal information, this is another opportunity for you to tidy up.

7. Own your web IP

Do you own your online IP? Ownership of programming code is a tricky area contractually. From a business risk perspective, it's one that you and your legal counsel should look into, for the sake of your stakeholders. This can be complicated when your company's marketing efforts cover domains in several countries.

8. Understand technology and platform management

The various digital marketing channels – SEO, pay-per-click, social media, display, mobile and so on – are each managed by a technology platform. The technology itself is distinct from the management of the platform. Make sure you understand the differences between the two and assess whether you're paying a fair price for each.

9. Use complexity to find efficiencies

Process complexity is a rich hunting ground for efficiencies of time and cost. Using the Lean Thinking methodology to chart the stages of a digital campaign from planning to billing, you should be able to weed out problem areas: use your (or an external facilitator's) skills in a workshop with your marketers and agency.

Here are the typical areas you'll pinpoint:

- approval processes
- mail communication and meetings
- unnecessary manual intervention
- files/documents in different formats
- duplicate data
- lengthy downloads
- overreporting

10. Innovate

Be a force for innovation! Process efficiencies (see no. 9 above) free up time to research and implement technological advances, such as a unified technology platform (as per no. 8 above) and user interfaces that simplify reporting and speed up activation. (Hint: standardise across brands and agencies.)

The long haul

In the context of marketing–procurement relations, it's worth reminding ourselves that we're in this for the long haul. Use the above advice with a dollop of humility, work as a force for good, and sell procurement's involvement as a way to help marketing reap value and demonstrate it to the wider business.

POST 14

A more efficient process for selecting the perfect agency

Posted 6 September 2013 by Darren Woolley

Again and again I read about marketers and procurement wasting valuable time and money in their RFP and tender processes. They do this by taking as many agencies as they can handle through a long and cumbersome selection process.

To avoid this, TrinityP3 uses a filter (stage and gate) process for managing potential agencies for our clients, which is highly efficient and effective. It allows us to manage complex selection processes[1] which could result in various combinations of suppliers.

Deconstructing the pitch process

Basically, the testing of capabilities, chemistry, skills, cost and contract in a particular order defines the typical pitch process. Some people make the mistake of taking every agency through the entire process. But it makes sense to impose a hierarchy of importance on this process and to use the aforementioned criteria as a filtering mechanism. If an agency is not ideal or the best according to the lower-order criteria, why would you continue to assess them in the later stages of the pitch? It's the equivalent of hoping for a miracle.

This filter approach allows you more time to focus on those agencies that better fit your criteria. It eliminates the distractions of multiple agencies that may have a few desirable attributes and allows you to concentrate on the core attributes in a well-managed way.

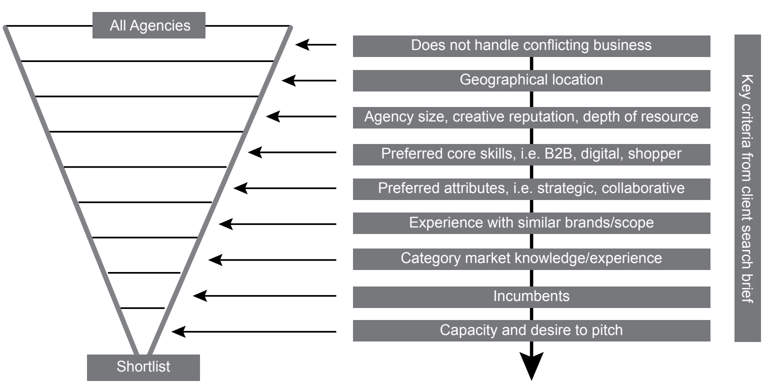
1 trinityp3.com/agency-search-selection

There are a number of ways of structuring the pitch process. A year ago, Michael Lee at Madam in NYC famously launched his business with a process based on a '9-6-3-1' structure[2]. At TrinityP3, we recommend a similar guide (8-6-3-1) to look as widely as possible up-front and then to filter prospects to no more than eight for credentials, six for chemistry and three for the final process (inclusive of the incumbent if they are still in the mix), and finally, one successful agency.

Selecting the list of possible agencies

At TrinityP3, we have an online Agency Register database[3] that contains confidential, detailed information about agencies in the market in which we operate. This information is provided by the agencies and then checked and cross-referenced by our consultants. The TrinityP3 Agency Register provides us with the most comprehensive view possible of the marketplace. From this, we filter a recommended list using a minimum of nine criteria:

1. conflicts – does not handle conflicting business
2. proximity – geographical location
3. capability – agency size, creative reputation, depth of resources
4. skills – preferred core skills; i.e. B2B, digital, shopper
5. attributes – preferred attributes; i.e. strategic, collaborative
6. expertise – experience with similar brands/scope
7. experience – category market knowledge/experience
8. fit – incumbents
9. capacity – capacity and desire to pitch



2 adage.com/article/agency-news/madam-shakes-agency-search-consulting/236990
3 trinityp3.com/agency-register

We then prepare a list of suitable agencies that meet the marketer's requirements. We also put together a list of client conflicts, so that the marketer can identify and understand the competitive mix – the financial services market is particularly competitive and diverse, which limits the great agencies available due to conflict. And finally, we supply a John West run-down of the agencies we have rejected, which makes the list provided the best.

The marketing team and procurement now make an informed selection of no more than eight agencies – ideally six – which are asked to provide their credentials and to attend chemistry meetings.

Let's look at the next lot of filter criteria, which are presented in our recommended order but are not locked in stone. After all, the requirements of each marketer are different, so the process needs to be customised to suit individual needs.

Testing capabilities in credentials

It is not enough to just ask for a description of the agencies' capabilities; you need proof of them. One of the best ways to do this involves case studies.

Some marketers and procurement people want to test capabilities at this stage by giving the agencies a test to complete. The problem is that to create a test that is meaningful and relevant to the marketing team and their requirements means providing all of these agencies with details that are specific to the brand and strategy. Now while the participants are all under confidentiality agreements, the reality is that you are still circulating valuable information to a wide range of agencies, most of whom will ultimately be unsuccessful. There is no guarantee that they will not use this information in some way. We found out, for example, that an agency that had been unsuccessful in a pitch with a client was approaching the client's competitors on the basis of insights in the competitive category.

Testing contract compliance

Many procurement people like to provide agencies with the contract to ensure there are no sticking points. The belief is that getting this out of the way up-front will minimise issues at the back end. I agree to a certain extent, but it is not a foolproof plan. It can lean the whole process towards contract compliance and away from capabilities, chemistry and skills.

We have also seen agencies agree with the contract at the start of the process, only to create all sorts of problems with clauses later on. My recommendation, depending on the size and sophistication of the agency, is to provide it with details of the terms and conditions of the contract, especially around payment, time period and IP arrangements, so it can decide whether to participate.

Where possible, have these discussions with the CEO, CFO or commercial director of the agency and not the creative or strategy leads, even if they have equity in the agency.

Chemistry is more than having a chat

Our approach to chemistry sessions differs from the norm[4]. The fundamental aim of the chemistry session is for the marketing team to meet, engage and challenge the agency team. So the agency team should definitely include senior management and representatives of the various disciplines that will be working on the business. Ultimately, if there is good chemistry between the two teams, this is a reflection of shared culture, values and personality, which is an excellent sign of the immediate future of the relationship.

Of course, even if there is a flaw in the chemistry, this might still be addressed. Over the years, we have seen a number of situations where the chemistry between the marketing team and a single member of the agency was an issue. In such cases it was a simple matter to have a confidential discussion with the CEO of the agency to discuss the problem. They were then able to decide if they wanted to replace the person in question with an alternative, or not.

A test of suitable skills

We recommend that by this stage, the marketing team is faced with no more than three agencies to choose from. One of these can be the incumbent, but there should definitely not be three plus the incumbent.

Dealing with the incumbent

The incumbent should only be in place if they represent a better option than the next best agency. Too many marketers fear some type of retribution from the incumbent if dropped at this stage. My experience until recently was this never happened.

But in a recent pitch the incumbent walked away, largely because the marketers deserved it. If you fear the agency will be unprofessional, it is probably because you have treated them unprofessionally.

Otherwise I still maintain agencies will work professionally through the transition after losing because they know that marketers move around and today's business loss could be tomorrow's new business opportunity.

4 trinityp3.com/2011/12/the-importance-of-chemistry-meetings-in-the-advertising-agency-selection-process

With the short list set, it is time to test the agencies' specific skills. The way this is done depends on what criteria or ability you want to base the selection of the winning agency. If it is channel media strategy, then the test should concern this. If it is strategic ability and conceptualisation, then this should be the basis of the test.

It is also important that the test is geared towards the desired outcome. Too often we hear of marketers providing an agency with a wide-ranging brief, asking them to go and work on this in isolation, then, on the presentation of the ideas, the marketers choose the one they like best. I am never really sure what is being tested here. The ability to mind-read? How lucky the agency is? How many resources they can bring in to solve the problem?

Let's just say that we have become particularly adept at customising the skill test to make sure the focus is on the desired skills or abilities of the agency. By doing this, you better define the evaluation process and make the decision-making process more rigorous. We have run workshops, presentations, strategy days and other events to make sure the process informs the decision-making, as opposed to obscuring it.

Cost is the last component of value

While the process is not left to the end, the cost is always revealed at the end. We commence the financial proposal process at the short-listing stage. This step is designed to allow each agency to provide a complete overview of its cost proposal and to allow us to provide a like-for-like comparison.

The analysis of the financial proposal provides insights into:

- the suitability of the level and mix of agency resources
- the underlying pricing strategy of each of the agencies
- the ancillary costs for other services and the like

Only once the selection team has ranked its preferred agencies do we commence discussing the financial proposals. This is because value is based at this level on the perceived quality of each agency as compared with the proposal cost. While I know of some pitches where the selection was driven by price, this is almost invariably a short-term and wasteful strategy. If you want to select an agency on price, do not put the candidates through a test of skills.

In most cases, discussion of the cost of an agency proposal is more about how to deliver the value inherent in the preferred agency or agencies and their proposals. This takes in the resources required, the mix of senior and junior staff, and the most appropriate remuneration model.

Then there is one

The final choice is the winning agency. The filter or stage and gate process allows you to systematically assess agencies against your specific criteria. It requires a strategic focus and disciplined application, but it reduces the wastage of time, money and other resources by marketers and agencies. It also provides clarity in decision-making.

POST 15

Did you want collaboration, cooperation or coordination with that marketing process?

Posted 27 August 2012 by Darren Woolley

You hear a lot of talk about the need for collaboration in marketing. Indeed, many people are working to develop collaborative relationships within their organisations and across their agency roster. But perhaps it's not as straightforward as it sounds.

When my friend from Anecdote[1], Shawn Callahan[2], guest-posted here recently on the topic 'When should we collaborate?'[3], he talked about the differences between collaboration, cooperation and coordination. This got me wondering about how many marketers might confuse collaboration with the more functional cooperation and coordination.

Shawn used examples to highlight the differences between these terms:

- **Coordination** is providing the yearly performance review spreadsheet and instructions on assessing your staff's performance
- **Cooperation** is meeting with your team to work out the performance review process
- **Collaboration** is teaming up with two colleagues to reconceptualise how performance reviews should be done for maximum impact

Research by the Economist Intelligence Unit into the importance of trust in collaboration[4] provided further valuable insights.

1 anecdote.com
2 trinityp3.com/author/shawncallahan
3 trinityp3.com/2012/06/when-should-we-collaborate
4 trinityp3.com/2012/07/the-importance-of-trust-in-collaboration-between-stakeholders

So now, in the context of a marketer and their agency working together, let's look at how these perceptions of the differences between collaboration, cooperation and coordination stack up in relation to the two key areas of strategy and concept, and production and implementation.

Strategy and concept

Collaboration seems to be the natural approach in its purest form when it is driven by the thought 'I wonder if we could …' and is focused on creating new value. But with a buyer–supplier relationship applying between the marketer and the agencies, and with the agencies competing with each other for a share of the budget, the self-interest is not mutual and the value really only accrues to the marketer.

Collaboration requires a high level of trust. While this can exist between agencies at a personal relationship level, the agencies on most marketer rosters are actually competing for their position there and a share of the market budget and fees.

Production and implementation

Once the process proceeds to this stage, the underlying thought involves a broad range of goals in the form 'We need to …', which is more cooperation than collaboration. Cooperation can succeed even if the commitment is uneven, however, and only requires a medium level of trust.

While you could argue that some production and implementation projects could be seen as collaboration, with specialist skills and a high level of commitment, in fact, just as often, this stage can simply require cooperation or even coordination.

Collaboration, cooperation or coordination?

As you can see, collaboration requires specific circumstances that create mutual value from mutual self-interest. These exist in some situations, but in fact, these requirements do not apply to much of the marketing and advertising process. Of course, that does not mean that more-functional cooperation and coordination would not improve the process and outputs for all parties involved.

Based on this distinction, in what situations do you think it is important to collaborate, and when is it enough simply to cooperate and coordinate your efforts and those of the various parties involved?

POST 16

Is advertising agency compensation trapped in a cost-based model?

Posted 7 August 2013 by Darren Woolley

At the 2013 ANA Advertising Financial Management Conference[1] in Phoenix, Arizona, Dave Beals[2] presented the findings of the latest ANA Agency Compensation Survey[3]. There is some really interesting material here in regards to agency compensation. (Please excuse the use of the word 'compensation' rather than 'remuneration' – this is the USA, so for consistency, I have used the report's nomenclature.) With thanks to the ANA, I'd now like to share these trends with you.

How much profit is fair profit?

This is always a difficult question for procurement and marketing to answer, and it's often a point of contention in negotiations with the agencies. After all, everyone will agree that it is important for the agency to make a fair profit, but when you discuss what is a fair profit, opinions can vary wildly.

I once had a procurement leader tell me, 'No supplier can make a profit margin higher than the company and that was 8% EBITDA'. Now this company had a turnover of US$18 billion per year, but the agency in question was looking at US$2 million in fees and 8% was about the return of a standard term deposit.

But according to the marketers (and their procurement leads) who

1 ana.net/conference/show/id/AFM-MAY13
2 jlbeals.com/about.php
3 ana.net/miccontent/show/id/EB9010

completed the ANA survey, the real answer is 14%. This is the profit margin reported and requested by the agencies.

How are agencies being compensated?

It appears that the trend of falling commissions has continued, albeit at a slower rate over the past 10 years. It does seem, however, that there has been a recent rally, perhaps a last gasp before they disappear for good. There are many on the agency side of the business who still reminisce about the good old days of full media commission.

Total fees continue to climb. The resource-based cost model is popular with agencies as it guarantees cost recovery on their biggest expense – resources, including overhead and a profit margin on top. But within the total fees, there are a number of ways of paying these, including retainers, hourly fees and fixed-price project fees.

Fixed price versus variable price

Since Coca-Cola began implementing its 'value-based' compensation in 2008[4], there has been great interest in the approach. At its heart is a fixed-price or output-based model, as opposed to a variable-price or input/labour-based model.

In the past 10 years, the incidence of fixed or output-based compensation has almost halved, with a corresponding increase in the variable-cost or labour-based model. Output-based or fixed-price models can be difficult to implement. Defining the outputs up-front, and calculating and setting the price for the agency, puts the onus on the marketer to define the value of the work. The alternative is to put the onus on the agency to tell the marketer the price once it has delivered the work or the outputs.

The problem is that the process encourages inefficiency, and the lack of specificity means it is difficult, if not impossible, to identify this. The number of hours taken to deliver any output can quickly increase and consume the available budget, and soon that level of cost becomes the expected or standard cost.

The other option is that the marketer sets the price to be paid for a specific output and the agency works to deliver the required output quality against the desired time frame. In this way, the price defines the level of investment, whereas with the current method, the output and resources required determine the cost.

4 adage.com/article/news/coke-pushes-based-agency-compensation-model/136266

During a time of fiscal restraint, it seems that convenience has overtaken the need for greater efficiency. But in cases where marketers have moved to output-based compensation models, they achieve an alignment between their agencies and their strategic requirements – staying with the labour-based model, they continue to simply hire resources at a cost.

Agency compensation by discipline

The trend towards fees and away from commissions and other compensation models appears consistent across all disciplines, with 70–80% of the compensation fee-based, less than 8% commission-based and the balance 'Other'. The fact that commissions are reported for public relations, promotion/event marketing and direct marketing indicates that agency mark-ups of third-party costs (usually charged as a commission or handling fee) are still common.

Addressing value-based agency compensation

While it is easier to simply pay for the hours the agency uses, there is no way of knowing if this represents value without benchmarking the cost after the event, when it is too late. The alternative is to set the price for the agency to deliver the output, based on strategic importance, the total level of investment, the potential or expected ROI and so on. This allows the agency to work within the framework of the value rather than simply charging the cost.

Getting this right can be tricky, though, which is why many have defaulted to the fee-based or labour-based model.

POST 17

Why procurement might take over marketing one day

Posted 28 February 2014 by 'The Buyer'

Management speak is shallow, results are not

Long ago, this buyer used to be a marketing director for a firm personally led by the owner of the company, a billionaire working as the CEO. Which is a stressful occupation. If you think corporate life is hard, with all that climbing of the greasy pole, try reporting directly to a billionaire.

Or reporting to any entrepreneur for that matter, of any size enterprise. They tend to conform to stereotypes, it seems: impatient, flexible, impulsive, incisive, demanding, generous, disrespectful, innovative, inspirational, infuriating – all before lunchtime, usually. They are both good and bad. Fast and slow. Generous and parsimonious. Clear and confused. Red and blue.

Anyway, one thing that all entrepreneurs have in common is their willingness to challenge the status quo. They take things very much at face value, rarely hesitate to challenge perceived waffle, and can, quite impulsively, drive through the obscurity of management speak and corporate culture to identify the heart of the matter. They are no respecters of convention.

What that all means is that they don't take any crap. Corporate guff is shallow and full of it. Entrepreneurs call it for what it is. They see straight through it. They respect results. The ends justify the means. As long as those ends are clear. And measurable.

Entrepreneurs and their marketing investment

This tame billionaire seemed especially hard on marketing, which was unfortunately led by me. The marketing discipline represented everything the entrepreneur was inherently suspicious of. Featherweight qualifications, corporate jargon and barely credible business cases. Subjectivity, visceral justifications and high creativity. 'I could do better myself with Fuzzy-Felt', he said, more than once. Funny-looking suppliers and an office full of giggly genYs doing seemingly little just emboldened him – on bad days we were labelled the 'colouring-in department'.

Most of all he hated the flimsy – approximations, vicissitudes and fluffy pitches. Especially when defending a piece of published work or a campaign gone awry after publication, or a business case or pitch before launch. 'My eight-year-old daughter could do better', he'd say. It is doubly hard to ask for forgiveness than permission from an entrepreneur.

They want proof, proof that validates what they instinctively feel is right. They want their insecurities made secure. For that is often what is driving entrepreneurs deep down. They feel inadequate and want to prove themselves right. They want to win. Add their herculean drive and there is often no stopping them.

They don't want platitudes, or flattery, or warm fuzzy feelings. Not 'The audience liked it', nor 'It was a good campaign', or even 'It definitely is working, give it more time', and absolutely not 'We have been bold and need to stick with it'.

They only want results. Measured, hard, down-and-dirty results. Mathematical proof. An algorithm. A certain investment curve to back up their gut. Their money, actually – 'You sign the bloody cheques', he said once as he threw his personal chequebook at a ducking marketing director.

We were growing quickly. Too quickly. Exponentially. It was hard to keep a lid on it. Revenues grew from over $30 million to over $600 million in less than five years. Marketing was tasked with fuelling the growth, and 'Oh, by the way', build the brand. It was an attractive proposition.

Soon, investors wanted to buy a stake. The CEO needed the cash to keep investing, continually doubling down on his bet. The investors wanted a due diligence process. But it revealed sloppiness, a lack of essential business discipline. Cash was going out too fast. Where was it going, exactly? Was it driving the business? Was it worth it? How did we know?

The new secret investors were underwhelmed and paused. The billionaire was unhappy. Not with them 'pausing' on their investment – he didn't really want it anyway. He was annoyed by the slight, by the proof that he wasn't running a perfect business, that cash was getting wasted.

So he employed the audit firm that did the due diligence (a big-six firm starting with a K) to do some more due diligence – for him. It could sign the orders coming out of marketing; it would stop silly spending and bring business discipline. It lasted for a turgid two weeks.

Imagine the embarrassment of a marketing director explaining to an auditor why we needed to buy some merchandise, or pay a copywriter, or send 25k to a promotions company to cover the prize fund, or hire a box at the races or even buy an off-the-page advert (remember them?).

The billionaire wasn't buying these things. That wasn't the deal. He was investing in business success. He just wanted an algorithm that proved these things led to business – to sales. That's all.

How not to save money in marketing

One day, in a last-resort effort to keep him at bay, John Wanamaker's quotation slipped out, a last-minute justification of the total $40 million marketing budget that was so manifestly not driving enough leads to the hungry sales team of our super-fast-growing company:

Half the money I spend on advertising is wasted; the trouble is, I don't know which half.

'Brilliant!' he cried in full voice, a voice that echoed around an eavesdropping open office of trendy cubicles. 'Mate, you're a genius.'

The billionaire yelled for the CFO to come running. 'This guy is a genius!' he exclaimed, referring to me. 'He has just saved this company $20 million. Make sure he gets his full bonus this year.' He looked at me reassuringly, and with a knowing wink said, 'Just do the good half, eh?'

With a wink it was sealed. The marketing budget was duly cut in half. There and then. For weeks afterwards I was paraded as the genius who had saved the company $20 million.

The boss wanted effectiveness in his marketing investment. But without proof of it, he'd accept efficiency instead. The cut budget demanded that we slave away to get the best value out of every dollar spent on marketing. We introduced better processes, such as purchase orders for every demand, and recycled old materials. We streamlined the roster, cut staff and saved wherever we could. We worked closely with procurement. We improved our interface with suppliers, worked hard to align agencies to our true strategic needs, and rethought our marketing investment from first principles.

For us, efficiency led to effectiveness.

Measure or die

Because, crucially, we learnt to measure. For we needed hard guidance on where we could cut 'safely' and where we might be cutting our own throats. On what was working and worthy of more investment – doubling down – and what plainly wasn't? We needed facts – not feelings, not traditions, not what 'the agency thinks'.

Entrepreneurs are (ironically given the perceptions of them) not gamblers. They hate risk. They want certitude to build on their certainty of vision. Our dear leader wanted more certainty from his marketing investment to fuel his growing business that needed cash to grow product availability, but which needed demand to grow as well to satisfy bulging stock levels.

The moral

Entrepreneurs work at the vanguard of business. They see opportunity, they innovate to meet it, and they see that success lies largely in the margins. They are the purveyors of heresy – early blasphemies that become great truths for all business to use. They are business leaders. As George Bernard Shaw said, 'All great truths begin with blasphemy'.

What entrepreneurs see today, business sees tomorrow. This entrepreneur put procurement methodologies into marketing to get enough efficiency to build effectiveness. And for a fortnight there, we reported to an auditor who reviewed every dollar we wanted to commit externally. We effectively reported to procurement.

Business needs better value – every quarter. Not just to satisfy thirsty shareholders, but because everybody wants more: the customer, the shareholder, the boss, the staff, even you. Without good metrics and sound strategic alignment, business leaders will increasingly question their marketing investment.

Procurement has saved good money in most categories of expenditure for the company. Why should marketing be exempt from efficiency?

POST 18

Eight ways to spot a bad client (before it is too late)

Posted 3 March 2014 by Darren Woolley

You are trying to woo a client, or even better, they are trying to woo you. But how do you know a tyre-kicker from the real deal? How do you know they are not simply going to take you for a spin around the block before dumping you on the pile of rejected agencies?

Here are eight simple things to look out for.

1. **Past behaviour is the best predictor of future behaviour. So if they change agencies on a regular basis, then prepare to be used, abused and dumped.**

Early on in running this business, I came across a client who was known for switching agencies on a regular basis (annually) and I thought it would be a great business-building idea to get the gig (regular work). But in the meeting with the client, it became clear as to why it regularly pitched its agency.

The marketing director spent most of the meeting not talking about process but about how he loved having the agencies fawn all over him, with invites to sporting and entertainment events, lunches and dinners, even holidays packaged up as conferences.

Near the end of the hour-long discussion of his love of pitching, I finally got to ask about fair process and due diligence. He looked me in the eye and said he had that under control. He simply sent out a few briefs to agencies that had made an impact and appointed the one that he liked.

2. Respect is a mutual attribute. If, on your first meeting, they leave you waiting in the reception area for more than 15 minutes without apology, then it is a reliable sign there is no respect.

I have written about this previously[1], as have my colleagues in the industry, but just to recap, I know several marketers who spend their whole day running late – except when the meeting is with their boss. Having left the agency waiting for 20 minutes beyond the start of a meeting, these marketers will cut the meeting 10 minutes short for a meeting with the CEO.

It is an interesting observation because running late in this case is not a sign of poor time management. It is a sign of respect. The longer you are left waiting in the reception area, the less respect they have for you.

3. Are you as important to them as they are to you? If they cancel and reschedule meetings with you at the last minute more than once, it is a strong sign you are not.

Sure, unexpected circumstances pop up – illness, emergencies and the like. But cancelling a meeting at the last minute and having to reschedule the meeting again and again and again raises the question, 'What is continually more important?' In some markets and some cultures, this is seen as acceptable, as a sign that the person is busy and important, but you are not.

I know of a senior account director who took to sitting outside a marketer's office, as it was the only way to get work or invoices approved because meetings were regularly cancelled. But how apt is this as an expression of a master–servant relationship, where the marketer has the agency literally at their beck and call?

4. How they treat their incumbent is how you will end up being treated. So if they criticise their current agency in front of you, just remember that will be you one day soon.

As a pitch consultant, it is my job to listen to the marketers' complaints about their agencies. After all, there is no reason to put everyone through a pitch process unless there is an issue that cannot be solved through other means. But I always cringe when I hear a marketer criticise an incumbent when talking to a potential new agency.

You can see that the prospective new agency feels this is a sign that it is

1 trinityp3.com/2012/04/poor-manners-leads-to-poor-business-strategic-alignment-with-suppliers

liked and trusted, that it is being taken into the marketer's confidence. And it is all that. But the fact is that like a cheating partner, if the marketer does that to its current partner, it will most likely do the same to you eventually, when the flame of desire burns out.

5. **Is this about value or simply cheap? Listen carefully for the first things that they talk about, because if it is rates and remuneration, this is simply a financial transaction.**

Value is quality + quantity / cost[2]. But if the conversation starts with cost before you have even determined quality or quantity, then it is likely to end there too.

Sure, price and cost are important. But if they become the dominant or only factor, then simply sharpen your pencil and if successful get ready to defend the relationship on price, because there is always someone who can do it cheaper – maybe not as well, but the price is ultimately the bottom line.

The problem is that the person you are talking to does not see you or what you have to offer. You are simply a commodity and there is plenty more of that commodity out there. So if not you, then someone else will deliver the goods at a lower price.

6. **Clarity of objectives reflects clarity of purpose. If they cannot describe what success looks like, it is also likely that they cannot see your place in that success.**

There is nothing like failing when judged against obscure or opaque success objectives. You have failed. You feel like a loser. Yet you are never really sure why. Or even what you could have done to avoid it. This is the beauty of the approach for a buyer who has no clear view of what they actually want or need or desire to succeed.

They offer what sounds like a reasonable list of objectives. But what becomes clear when you analyse what they are saying is that each point is rather vague and general, giving them plenty of opportunity to wriggle out of the deal due to your failure to deliver the desired success.

7. **Communication is the foundation of successful collaborations. But if they resort to using industry jargon and 'weasel' words that require deciphering, it is likely they are covering up the fact that they don't know what they need.**

2 trinityp3.com/2013/05/cost-or-marketing-value

There are certain industries that are more prone to this behaviour than others, including the IT industry, financial services and telecommunications. Having said that, weasel words pervade almost all levels of business.

The best indicator is the heavy use of TLAs (three-letter acronyms)[3] that have you diving for the Google acronym dictionary in an effort to follow what they are saying. The fact is that people who rely on jargon are often hiding the fact that they are either unsure or insecure in regards to their needs.

Being unclear in communication is a reflection of being unclear in thought and intention. If you find it hard to understand what your potential new client is saying, what chance do you have of being able to work with them to deliver their requirements?

8. Finally, in the words of David Ogilvy, never have a committee as a client. And remember that committees come in all forms. If you find yourself talking to someone who can't make a decision, that is a committee.

Big organisations are filled with committees that have no authority to say yes, and plenty of incentive to say no. This means that you could find yourself reporting to people who will send you round and round with feedback and revisions until you lose the will to live.

An automotive client we worked with had a peer approval process that had the agency concepts okayed through a succession of layers within the organisation. Finally, the most banal and compromised concepts were presented to the senior marketing leadership, who invariably (and rightly) rejected them and sent the agency back into the development process again.

The sad part is that they complained about the fact that the agency charged them for the wasted concept-development hours and ultimately sacked the agency because of the poor quality of work. Death by a thousand paper cuts.

Watching for signs

Your time and energy is too valuable to waste on clients that simply chew up agencies and spit them out. Look for the signs described above. If you see one, think carefully about going any further. If you see two, stop and walk away. If you see three or more, then turn and run.

If you don't, then don't blame anyone but yourself when you have been chewed up and spat out. You were warned.

3 trinityp3.com/2012/11/digital-media-strategy-buzz-words

POST 19

10 sponsorship principles that procurement must consider

Posted 17 February 2014 by David Little

This article covers the sponsorship of sports teams, tournaments and events, but not TV sponsorships (adverts), charities (CSR-related) or 'ambassadors'.

In the realm of sponsorship, it should be a priority to embrace the 'value over cost reduction' agenda[1], helping measure ROI for sponsorship properties and demonstrating it to senior stakeholders as an alternative to other media.

Now, it would be easy to start this article by saying, 'Buy something that will be worth a lot more in the near future', but let's leave the clairvoyant role to the sponsorship managers and budget holders out there. The question 'Is it a consumer fit?' is another important criterion in choosing sponsorship properties, one that affects issues like co-branding, but I assume your marketing/sponsorship colleagues know this already.

So instead of debating these, let's move straight on to 10 other important sponsorship principles.

1. Sponsorship is an investment

Sponsorship is not an opportunity for showing off. The days of 'brand slapping' should be over. Rather, you and your marketing associates should be setting brand measures to help compare sponsorship ROI criteria with conventional channels such as, say, print.

1 trinityp3.com/2013/06/procurement-marketing-value

2. Sponsorship cost is just the start

Activate, activate, activate! Your sponsorship is meaningless unless you have enough of a budget – a whole lot more budget, as it happens – to leverage more visibility of the combined brands after the acquisition fees are paid.

TrinityP3's 'magic ratio' is 1 part acquisition fees to a *minimum* of 2.5 parts activation activity like PR, promotions, co-branded advertising and so on[2]. If your marketing colleagues aren't spending accordingly, they aren't reaping the value they should from the property. Planned budgets should be looked into and questioned before any potential partners are approached.

3. Define the value of the sponsorship

This does not mean 'What does it cost?' but 'What is it worth?'. You will probably need a media or sponsorship consultant's help in this area, especially in benchmarking industry measurements of value. Evaluate it *regularly* too: if you have a long-term property, evaluate the potential consumers who are viewing the brand.

4. Shop around and negotiate

Good negotiators shop around. For such an emotional purchase, it's easy to pay over the odds. A good negotiator will be cool-headed enough to have assessed alternative options, and a good procurement professional should be able to diffuse those 'must-have-at-any-price' feelings. My favourite author on this subject is Herb Cohen[3].

When you do get to the negotiation, give it structure. How do you know you got a good price? Clue: the answer isn't 'It was within budget', or (my favourite) 'It was lower than *their* first offer'. Procurement's role here is to use win-win methodology – most desired outcome (MDO), least acceptable agreement (LAA) and best alternative to negotiated agreement (BATNA), from *Getting to Yes* by Fisher and Ury[4] – to list success criteria, such as sponsorship properties, price, payment structure, branding visibility, duration, access to talent, and category protection. You are there to provide structure only, however. It's your marketing/sponsorship partners who you should engage to populate this model. It'll probably be hard work, but don't slouch.

2 trinityp3.com/engagement-alignment
3 herbcohenonline.com/biography.htm
4 en.wikipedia.org/wiki/Getting_to_YES

Create a tight, empowered negotiating team with clear roles – agree this with senior stakeholders, as well as what they themselves should and shouldn't do.

It's not a bargain if you don't need it. So classify the areas of sponsorship property using 'need to have', 'nice to have' and 'don't need' columns, and only take the areas you can activate. Also look at what you offer them apart from the fees: co-branding, consumer promotions (like competitions) and access to new sales channels are some examples. If you are reaching the demographic in a way they couldn't without your help, then put a value on it and sell it in!

5. Define whom the sponsorship is benefiting

Distinguish sales incentives from brand-activated sponsorships and you'll find marketing may be paying for something your sales director should. This is more a question of the wrong budget, of course, but we procurement people hate spend in the wrong pot – it ruins our analysis!

6. Put business before pleasure

Corporate hospitality is a minefield of stakeholder confrontation. It's what company employees normally associate with corporate sponsorship. You need your sponsorship stakeholders' support in getting the company to understand that unless you're going to be entertaining big customers (sales activity), you could be paying for an expensive jolly.

7. Protect your investment

Get protected: if you've ever been a 'Gold Sponsor' and found out later that a whole new layer of 'Platinum Sponsors' has appeared above you, then you'll know what I'm getting at.

Having too many other brands in the mix can also mean clutter. There are two main areas to look at:

1. Brand visibility: find out where and when your brand appears, how often, how big, and if you're paying extra for production. It's great to have your logo emblazoned on your favourite sports team's pitch, but if you pay an extra $20k for painting it, it may not seem as much fun
2. Product category exclusivity: if you don't want your competitors encroaching on your territory, you should agree that you are the 'official leisure footwear partner' or the 'official caffeinated soft drink provider', and *no-one else*

8. Get proof of the value up-front

Help your colleagues challenge the sponsorship owner to demonstrate the value of their property in these areas: brand equity, program advertising, ticket logos, pitch/court logos, adverts and logo visibility in media, face value of tickets and hospitality, PR mentions, new distribution channels (like spectators having access to your product or promo staff on-site) and what reports you will receive. A good partner will be proactive in doing this.

9. Make sure it is all clearly in writing

Procurement can contribute value by giving the contract structure. Like any other categories, you and your legal counsel will be relied upon for specialist knowledge in areas such as payment terms, performance criteria (KPIs), contract duration and renegotiation criteria, damages, jurisdiction and so on.

10. Measure, manage and maximise

Before the sponsorship starts to roll out, make sure you have in place the agreed measures of success and failure. Manage the process of collecting the correct data required to assess the impact of the sponsorship and then maximise the lessons from the sponsorship. There is no excuse for making the same mistakes over and over again.

Procurement's role

Procurement can play an important role in this often unstructured component of marketing expenditure. By applying the disciplines outlined here, it can partner with marketing, sales and corporate affairs to make this area of investment an addressable and valuable business-building opportunity, rather than simply a very public black hole in the budget.

POST 20

How marketers can encourage greater creative value from their agencies

Posted 22 November 2013 by Darren Woolley

We undertake extensive agency remuneration benchmarking[1] and one of the outputs of this process is determining the efficiency of the client–agency relationship. When we identify particularly inefficient relationships, we then investigate further to determine their causes.

Typically, the main issues causing inefficiencies include:

- poor briefing processes
- misalignment of expectations
- miscommunication
- under-remuneration
- flawed approval processes
- different interpretations of creativity
- challenging relationships
- culture clashes

However, instead of us providing recommendations on how to address these issues and encourage greater efficiency, effectiveness and creative value, I would go to the source – the CEOs of the agencies that are regularly recognised for creative excellence, not just in Australia and New Zealand but across the Asia-Pacific region and on the global stage.

1 trinityp3.com/engagement-alignment/#1

With this in mind, I spoke to a number of agency CEOs:

- Peter Biggs[2], Chief Executive, Clemenger BBDO Melbourne
- Ben Lilley[3], Chairman and CEO, McCann Worldgroup
- Andy Pontin[4], CEO, Clemenger BBDO Sydney
- Sudeep Gohil[5], CEO, Droga5, Australia
- Nick Garrett[6], MD, Colenso BBDO NZ
- Jaimes Leggett[7], CEO, M&C Saatchi Australia
- Mark Green[8], CEO/owner, The Monkeys
- Chris Brown[9], President and CEO, DDB New York

Let's listen to what they have to say on the issue of encouraging greater creative value.

Poor briefing processes

Briefing is a longstanding issue because of the problem of 'garbage in, garbage out'. That's why many agencies provide training for marketers on how to brief them. Does yours?

> 'Brief writing – it amazes me how the art of brief writing has been lost. I would encourage clients to train their teams to know how to brief agencies well and be single-minded. We love holding brief-writing sessions for clients and they get a huge amount out of it. A few hours a day invested is well worth it.' – Nick Garrett

One solution that takes this idea a step further is to actually write the brief together.

> 'Co-authored briefs; they result in better ideas that are more likely to be bought as everyone has buy-in.' – Andy Pontin

Many believe that context is important – the broader the context, the better able the agency is to solve the problem and provide the solution.

> 'Thorough briefing – on the business problem and not just the advertising deliverables.' – Chris Brown
>
> 'Brief on genuine business problems vs advertising requests … Share as much information and insight as possible.' – Sudeep Gohil
>
> 'Describe the business objective, not just the marketing objective.' – Ben Lilley
>
> 'Brief customer engagement rather than (media) channel plans.' – Jaimes Leggett

And that the best briefs are where you are able to go beyond your comfort zone.

> 'Share the truth no-one else has either noticed or had the guts to share.' – Peter Biggs

2 linkedin.com/profile/view?id=129656267
3 linkedin.com/profile/view?id=23890991
4 linkedin.com/profile/view?id=67797134
5 linkedin.com/profile/view?id=2176634
6 linkedin.com/profile/view?id=17346077
7 linkedin.com/profile/view?id=7628042
8 linkedin.com/profile/view?id=258588
9 linkedin.com/profile/view?id=5428371

Also, that ultimately, if your agency is not providing the strategic or creative solution you need, it will be because they did not understand the problem.

> 'Be as explicit as possible around problems or issues.' – Sudeep Gohil

The best solutions come from defining and understanding the best problems.

> 'Don't confuse the problem with objectives – one you solve, the other you achieve.' – Peter Biggs

Misalignment of expectations

Often we expect alignment of expectations to simply happen. But one of the most obvious areas where misalignment occurs is in the creative product.

> 'Share and discuss examples of work you like and don't like – it helps set expectations.' – Chris Brown

It will not just happen automatically and therefore the process should be planned and managed.

> 'Sit down with your agencies to regularly talk about great creative work and thinking, wherever it's from. Sometimes when you get the window to look at work from other countries, companies and categories, it makes it less personal and you realise you are both inspired and excited by the same things.' – Nick Garrett

Beyond creativity, it is important to define and agree on expectations in performance and success.

> 'Agree up-front what success looks like and how it will be measured.' – Ben Lilley

Alignment of expectations increases the level of collaboration and effort.

> 'A clearly articulated, shared ambition around the work. What does success look like?' – Andy Pontin

Miscommunication

Often, marketers will feel they must handle the agency with kid gloves.

> 'Don't sugar-coat feedback.' – Sudeep Gohil

But this shouldn't be done if it gets in the way of clarity and honesty.

> 'Cultivate a culture of honesty – be frank with your agency team and ask them to be the same with you.' – Chris Brown

Under-remuneration

Agency remuneration is about paying for what you want.

> 'Pay them well. The better-paid agency can attract the best people … Build the ideal agency team together. Don't make assumptions about what they can and can't do.' – Mark Green

> 'Invest to grow.' – Jaimes Leggett

And, where possible, use remuneration as an incentive.

> 'Reward them for performance. Ensure they are focused on what you are focused on.' – Mark Green

But beyond remuneration, there is a priceless reward that costs so little.

> 'Always say thank you for the hard yards the junior people put it. That discretionary effort is priceless.' – Nick Garrett

Flawed approval processes

When it comes to feedback, it is best to be cruel to be kind.

> 'A quick "No" is a lot better than a slow "Maybe". By this I mean that if you know an idea isn't right, then let your agency know immediately. Good agencies know there are always better ideas out there, but dragging something on for months is soul-destroying and financially inefficient.' – Nick Garrett

But when providing feedback, make sure you are solving the problem and not just changing the solution.

> 'Provide strategic, not creative, feedback – resist the urge to make creative changes, instead providing strategic guidance around areas requiring further development.' – Ben Lilley
>
> 'Judge the idea, not the execution. Simple in words, but very few are able to genuinely do this. It's a real skill.' – Nick Garrett
>
> 'Think ideas, not executions.' – Jaimes Leggett

Because ultimately, the idea is strategically on-brief or it is not.

> 'If great ideas aren't on-brief, then leave them behind. Great creatives write from the brief, not to it.' – Peter Biggs

Your role is not to kill ideas, however. It is to see the value in the ideas.

> 'Don't be the devil's advocate. Work out how things can happen, not what might go wrong.' – Mark Green

And that means understanding your brand, but also, more importantly, your customers.

> 'An ability to put themselves in the shoes of the audience, rather than apply their own perspective, is important. I've never seen a brief where the target audience is "mid-level marketing and product managers", but this is the audience that reviews (and kills) most of the work.' – Andy Pontin
>
> 'Show you understand what makes people tick – empathy is a wonderfully strong emotion.' – Peter Biggs

The best way to get alignment around the strategy, and therefore the execution, is collaboration.

> 'Make key stakeholders in the business available at the key briefing, brainstorming, review and executional stages, if required – including the media agency and any other key marketing partners.' – Ben Lilley

Different interpretations of creativity

At the core of the relationship between the marketer and their agency is the creative process and product.

> 'Stay focused on the big idea – don't be distracted by the details.' – Chris Brown

> 'Embrace creativity. Show an interest – not just in advertising creativity but in broader creativity.' – Mark Green

The creative process is fraught with risk, and offers huge rewards if you get it right.

> 'We would love clients to expect to be a little nervous in a healthy way about the best work – it's natural and a good thing. The power of "I don't know" is amazing, and by that I mean just because something hasn't been done before doesn't mean it can't be done. So while we may not know how to make/do/execute something at the moment of presentation, we will and you have to trust us.' – Nick Garrett

> 'Don't restrain the agency. You can always pull them back, but it is harder to push them out there.' – Mark Green

> 'Be curious. Be bold. Accept risk.' – Jaimes Leggett

One of the most difficult aspects of creativity is the lack of rules.

> 'Playing by the rules tends to be highly ineffective and inefficient.' – Peter Biggs

But at its best it is a co-creation process, with both marketer and agency making a contribution.

> 'Get involved in the creative process, not just the creative solution. Be available to review and discuss creative work in progress as it evolves.' – Ben Lilley

Remember, though, that the creation of the idea is not the end of the process.

> 'Believe in ideas and execution. An idea is the starting point. Once you see a good idea, try to take it from good to great.' – Mark Green

Challenging relationships

The relationship with the agency should extend beyond account management and beyond marketing.

> 'Allow agencies to get access to all facets of your business and people. Only talking to and spending time with marketers won't make the work better and it doesn't give us credibility when helping you sell thinking to stakeholders … The same is true of access to CEOs and the executive teams … great agencies need to know what is keeping them awake.' – Nick Garrett

Remember that the agency is an expert too, so take advantage of this.

> 'A transparent relationship – where the agency accepts that the client has superior expertise in some areas (product knowledge, commercial expectations etc.) and the client accepts that the agency has superior expertise in other areas

> (consumer insight, creative execution).' – Andy Pontin
>
> 'Listen. Take advantage of the experts around you who are expert at what they do.' – Mark Green

But if the relationship becomes challenging, then look for the tension points.

> 'Release a cultural tension that no-one else has realised.' – Peter Biggs

At the core of a productive relationship is trust and mutual respect.

> 'Treat agencies as partners, not suppliers.' – Jaimes Leggett
>
> 'Trust the agency.' – Sudeep Gohil

Culture clashes

For a creative industry, it is clear that a positive approach delivers positive results.

> 'Show enthusiasm to do great work – this is highly motivating for the agency team … Freedom from fear – no-one does their best work under a cloud of panic or anxiety.' – Chris Brown
>
> 'Try. It's OK if you try and fail with brave ideas, but it's not OK if you fail to try.' – Mark Green

But this should be the last word on creativity and relationship management.

> 'In a world of constant change and re-evaluation, it's not about being right or wrong. It's about being more interesting.' – Peter Biggs

POST 21

10 ways in which marketing and procurement can work together for better results

Posted 17 March 2014 by David Little

To many marketers, the appearance of a procurement category manager in their working environment can be misunderstood, unwelcome or (worse) strenuously resisted. I'd like to discuss how a small amount of curiosity about why they're there, coupled with a modicum of patience, can deliver some unexpectedly positive marketing results. In other words, this is an overview of a beneficial collaboration with procurement[1] – I'll leave a dissection of specific procurement activities for another day.

1. Set goals

Try to understand *their* goals. No, I'm actually serious! This isn't a touchy-feely request to appease what (on the face of it) can appear to be a rather annoying new stakeholder. You can definitely turn things into a positive if you have this discussion up-front. If not, and your procurement person has a cost-out attitude you don't agree with, you're probably going to waste a lot of energy on each other in the coming months.

Make sure you agree in which areas procurement can bring *value* to your agency relationships. Prioritise these and you'll have a well-planned and productive year together.

1 trinityp3.com/2013/07/marketers-procurement-advertising-agencies

2. Define success

Next, you should have a discussion about what success looks like. Once you both have the same understanding of adding value (see point 1), you should talk about specific areas where your marketing agencies can help improve brand performance. Done correctly, this should not only be a 'load off' but even a breath of new life blown into your relationship.

3. Share pain points

Share your pain points: a decent procurement category manager will interview representatives of marketing teams and agencies alike when he/she begins the new role, and this should be part of the discussion. Think about which common issues will affect you and the marketing agency in working effectively. Areas like ordering, lead times, approval processes, repeat or unnecessary meetings, sloppy/late/unnecessary reports, unintelligible production quotes and unconstructive feedback are all troublesome areas that often come to light.

4. Build structure

Let them help you structure and formalise the agency relationship in areas such as KPIs, performance reviews (and incentives), pricing, and getting a robust contract in place – relationship and financial audits too. Getting peace of mind from knowing that your agencies' rates and hours are reasonable in relation to market benchmarks is also essential to a trust-based and transparent agency relationship. Procurement can research and benchmark the financial audits.

5. Understand function

Get a basic understanding of what is procurement (or sometimes, 'purchasing') category management[2]. For procurement professionals, category management has become the standard review process for building a project team, analysis, finding inefficiencies, selecting change activities and implementing changes. There aren't many A–Z guidebooks on this, but Jonathan O'Brien's *Category Management in Purchasing*[3] is my favourite. However, most established procurement teams have their own linear or looped version.

A procurement professional worth his/her salt will discuss a range of 'value levers' with you, instead of focusing solely on cost cutting.

2 cipsa.com.au/~memberinfo/cipsa_kc/2006/june06/Resources/CM.pdf
3 amazon.co.uk/Category-Management-Purchasing-Strategic-Profitability/dp/0749464984/ref=dp_ob_title_bk

6. Engage early

A common gripe made by procurement stakeholders is that, as a gatekeeper or approver, they block or delay projects. Procurement, on their part, often complains of a lack of rigour in the marketer's engagement of agencies. Early involvement – at the planning stage – as good as assures a smooth transition later on when you and your agencies start working on your ideas in earnest. It allows enough time to cover essential basics like tendering, quotes, negotiation, contracts, approval and uploading agencies to the payment system, PO approval and so on – all of which are best completed before you push the start button on a project.

7. Build trust

They're *not* the hatchet man (you're not either).

I once had a marketing manager colleague who was very tough, but conscientious and (mostly) fair when it came to agency reviews and remuneration. One day, however, he asked me just to 'get them down to this budget level … ask them to do us a favour … whatever', on a project that wasn't originally in the annual scope of work. In other words, he knew it wasn't fair and wanted me to do the dirty work. I'm ashamed to say I did ask them to 'do us a favour'.

Our agency dealings had been open and fair up until then, but this project had to go through and there was no new money in the budget. In retrospect, I felt my colleague and I both treated the agency with disrespect and lost a lot of trust. All the agency fee discussions had been fact-based and logical, but when it suited us, we 'showed them who was boss'.

Some of the most successful interactions I've been involved in between marketing, procurement and agency were open and established early, and I felt that sometimes I could be an advocate for either side when a point was worth defending. Procurement can of course help with structure in the commercial relationship, but playing good cop/bad cop has limited value in what should be a win-win partnership; procurement professionals have different negotiation styles for different situations.

8. Integrate into the team

Get them involved with the marketing team. I've been lucky enough to be fully immersed in brand training and orientation with a marketing team of about 25 people where I was made to feel like a member of an extended family. I even had the opportunity to make a fool of myself when I presented some of my marketing 'ideas' in a group workshop.

If you involve your procurement contacts in training or regular marketing team updates, they'll be up-to-speed on marketing's priority activities, values and language, and less likely to be a blocker (see point 6).

9. Get a fresh perspective

While you're head-down, poring over your brand values, agency briefs and executions, there is someone who can keep you appraised of new agencies on the market or how your incumbent agencies are performing in relation to your other brands or product lines. They can also show you how your roster of agencies fits or doesn't fit marketing's strategic requirements. They will probably have an opinion on the relative strengths and weaknesses of your global and local contracts too.

Yes, it's (surprise) procurement.

So when the time comes to look at an aspect of your fee structure, to question the hours spent on a brief or to have a look around for a new partner, make sure procurement have had their eyes on the ball from the start.

10. Act as a counsellor

Counselling or divorce?

I once had the privilege of meeting an agency that was working for some of our niche brands, to introduce myself and get to know their business. Sadly, though, the relationship had already deteriorated to the point where it was past saving. No-one was having fun, and resentment was ingrained on both sides. I reckon if I'd arrived earlier and facilitated a discussion – on fees, lax communication, unpaid invoices, volume of work, briefing processes, mutual respect and other pain points – we could have got a lot more out of the relationship.

As a third party, procurement is there to help facilitate relationship discussions – it's surprising how often 'relationship' is a euphemism for 'money' – that marketers don't always have time for, and these can be easily combined with your regular performance reviews. So regularly share constructive feedback on agency relationships with procurement.

On the occasions where a relationship is beyond rescue, procurement is there to help you end the existing relationship smoothly, search for a new agency, and lend structure and discipline to the process of bringing them into the roster.

POST 22

Five questions to ask agencies in the new marketing landscape

Posted 26 May 2014 by Anton Buchner

Remember Chubbs from *Happy Gilmore*? 'A damn alligator bit my hand off', he says to Happy. In the overgrown landscape of marketing and advertising, you also need to be careful of alligators and other predators that lie in wait, ready to rip your limbs off.

In this post, I want to draw your attention to the rapidly changing domain of service providers facing marketers today, all of them ready to rip revenue out of marketers' budgets. Are they generalists, specialists, specialists in being general, or generally trying to claim specialism? The pertinent message is caveat emptor (let the buyer beware).

The old landscape

I won't labour the point. We all know it was cleaner when, in the 90s, marketers knew the difference between media, advertising, direct mail, PR and promotions agencies. The larger the agencies became, the wider they cast their nets. They started offering all disciplines under the one roof or network, changing from specialists to generalists. Or, as they would argue, becoming 'an ecosystem of specialists'.

The new landscape

Fast-forward two-and-a-half decades and the landscape has changed dramatically. It now yields agencies, start-ups, hot shops, consultancies and fluid open-sourced models, all offering generalism or specialism in one or all of the following service areas, to name but a few, and seemingly with 'digital at their core':

- brand building
- brand storytelling
- content
- email
- technology
- e-, f- and m-commerce
- social
- mobile
- search – paid and/or organic
- multicultural
- PR and events
- sponsorships and activation
- experiential
- data and analytics
- ideation
- video
- social purpose
- identity
- green

And the list goes on and on and on …

Adding to all the confusion, there's also a breed of agency claiming differentiation by simply 'selling more stuff', and getting back to basics.

Same same or different?

If you look at the myriad service supplier websites, the claims are amazing. Yet the service offerings are scarily similar.

At TrinityP3, we see many agencies pitching differentiation yet ending up sounding very 'same same'. Here are some of the various claims that we've seen or heard recently that are being duplicated across multiple providers:

- 'specialising in brand experience marketing'
- 'paradigm shift strategies'
- 'insightful solutions'

- ‘fully integrated, total capability’
- ‘360-degree range of services’
- ‘seamless, multichannel digital experiences’
- ‘comprehensive marketing services offering’
- ‘innovative ways to connect with audiences’
- ‘planning successful conversions’
- ‘optimising relationships’

Is this agency bingo? Have agencies had to become generalists to compete for their slice of the marketing budget pie? What happened to Al Ries’ idea of *Focus*[1]?Has the communications service industry lost its way with the digital and mobile blurring of lines? Is it still right to differentiate on service offering, or should agencies refocus around market segments, vertical industries or even customer segments? How are marketers coping with all this?

Finding your way

To help marketers navigate these murky waters, here are five simple initial questions to ask any agency that you may be considering working with, or even your current agency.

1. What is the agency’s purpose?

Another way of asking this is: Why do agency staff really come to work each day? Upon hearing its purpose, discuss what it really means. How does this actually show up throughout the agency’s business? How does it truly affect the agency’s people at all levels? And ultimately, how does it show up in the agency’s work?

2. What are the agency’s top three revenue-earning disciplines?

How has this changed over the last 15 years? Probe the agency about why this has changed, how it has impacted the agency’s purpose and structure, and how it views the next five years.

3. Why does the agency believe its model is different?

Challenge the agency to dig a little deeper and explain how its model can align with your business. What opportunities are there to tailor processes and methodologies to effectively align? At the end of the day, it’s all about working together to achieve greater output.

1 amazon.com/Focus-Future-Your-Company-Depends/dp/0060799900

4. Why does it believe its model is effective?

How does the agency actually measure its claims? Is there any science behind this or is it purely lip-service? And most importantly, what measures does the agency live and breathe every day to map back to its purpose?

5. How is it measuring its impact on the marketing landscape?

Most agencies claim to measure the impact of their work. But what impact are they really measuring? And how will this deliver you greater insight into what's working and what's not in the wide world of marketing?

POST 23

The hidden flaws in agency timesheets and retainers

Posted 23 May 2014 by Darren Woolley

When I worked in medical research[1], there were few timecards or timesheets. They were used by the nursing staff and the medicos, who had to clock on and off each day when they entered the hospital. But in our laboratory, the staff had no such requirement to meet.

When I commenced working in an agency as a junior copywriter, I was surprised to be asked to keep a weekly timesheet, especially as I was only working on one client – Myer. One hundred per cent of my time was committed to that account, and yet I was required to keep a timesheet for the hours I spent in briefing meetings, presentation meetings, production meetings, even for the time spent developing ideas, headlines and scripts for weekly press and radio advertising.

This continued to be the case over the 15 years I spent working in agencies. I was required to keep a timesheet for my work activities which was used to either bill a client or to justify an amount billed. Here are some of the flaws I noted in the various ways in which this was applied within agencies.

1. No increments

There are many timekeeping systems in use now, but within agencies, you usually won't find the type of system you might find in a legal or accounting practice. Most of the ones I was required to use were paper

1 trinityp3.com/2013/11/marketing-management-diagnosis

or email-based. And there were no minimum increments. I ended up choosing 30-minute increments as most meetings were multiples of an hour, while most tasks took 20–30 minutes.

I do remember seeing the executive assistant to the head of client services at one agency using eight-hour increments. That is, they allocated a day a week to the five largest clients. Then there was the account director who allocated half their time to one client and the other half to another, then simply applied half-day increments in the hope it would add up to 50/50.

2. Pressure to fill in the day

I discovered fairly early in my agency career that deep in the bowels of every finance department was a report that reviewed the billable hours per staff resource. It seemed that the account teams were always at the top of this list because of the timesheet approach described above. But creative and production people were often at the bottom because they found it difficult to find eight hours a day with which to bill various clients across various tasks. In fact, I wish I had kept the memo that informed us that billable hours would be considered as part of our performance bonus assessment.

At one agency I made a concerted effort to address this and was rewarded by the CFO informing me that I had the highest billable recovery of any creative person in the agency.

3. No uniform application

Timesheets were not always completed on the day in question. In some agencies they were collected weekly, and in others, monthly. I used my diary to record meetings and filled in tasks and times in the margins. I would use this to complete the timesheet daily or every few days, rather than having to rush it before submission.

I also started to make it a habit to keep copies of my timesheet for my art director, who, under threat of not being paid unless he completed the past month of timesheets, would come to me for inspiration and literally copy my timesheets, claiming them as his own.

It seemed that it did not matter how accurate or consistent the process was, only that it was completed.

4. The question of allocation

Sometimes I wasn't sure how best to allocate work time. Where in the timesheet was I supposed to allocate the time I'd spent in an internal WIP meeting where we covered the half-dozen clients that I was working on? Was I to simply split the two hours equally over the six clients? Or perhaps mark it as a non-billable internal agency meeting?

Or how about when I sat in an edit suite for hours of post-production for one client and actually worked on ideas for another client? Was I to bill that time to two different clients? Indeed, under pressure to recover our costs, it was not considered double dipping to put the same hours down for two different clients if it meant getting to the magical 100% recovery point.

5. Punishment or revenge?

I remember one old art director who would spend hours on their timesheets when these were requested. I asked why they took so long to do this. Was it to be as accurate as possible? They smiled and explained to me that it was their opportunity to take revenge on the clients they did not like – the ones who had made ridiculously minor changes to work, or required multiple iterations of work before they would approve it, or were just plain difficult.

What the art director would do was apportion their time to these clients at a much higher level than the clients they liked working with. I asked how this was punishment. They explained that either directly (if the client was billed by the hour) or indirectly (if the client was paying a retainer), the financials would look much better for the good clients and much worse for the bad clients.

Another solution

Timesheets are a great way for an agency to determine its internal resource recovery rate. But they are far too inaccurate in almost every case to be used as the basis of the agency's remuneration. I have already spoken and written previously on the folly of using head hours for charging the cost of ideas and concepts[2].

Their lack of rigour makes the use of timesheets to justify agency costs and charges completely flawed. This is why we favour value-based or

2 trinityp3.com/2011/10/ad-agencies-can-demand-to-be-paid-for-ideas-and-resources-but-where-is-the-value

value-priced models over the cost-recovery head-hour model. It is why we recommend that both agencies and advertisers move away from what is currently the most common model.

When advertiser and procurement professionals ask what is best practice in this space, I am forced to get them to clarify if they mean 'best practice' or 'common practice'. The retainer or resource model is the most common practice, but it is by no means the best practice.

Unfortunately, for agencies and advertisers, it generally seems to be a case of it's better to stick with the model they know, even if it is flawed, than to try a model that resolves this issue and eliminates the need for timesheets in the advertising industry.

POST 24

Is it any wonder there is so much confusion over marketing technology?

Posted 28 May 2014 by Darren Woolley

One of the biggest challenges for marketers is how to go about embracing technology. CMOs are seen to be bigger spenders on technology than CIOs or CTOs, and many marketers are struggling to decide on the best approach to transforming their digital marketing into marketing in a digital age.

What technology should we invest in? How do we find the best process for implementing it? Who will manage it? How do we measure its effectiveness? Marketers are finding it incredibly difficult to find the right answers to these questions.

The pace of change

It is easy to forget that companies like Twitter, Instagram and Pinterest did not exist a decade ago, and that Facebook was only launched in 2004. Today, they are considered significant media opportunities, but nonetheless they are unlike the media most senior marketers grew up with. And on top of the changes that have already occurred, new technologies and innovations are announced on a weekly basis, with start-ups springing up to offer more new opportunities.

For time-poor marketers who are barely dealing with the options they have now, investing time in keeping even a little abreast of these changes, let alone understanding the implications for their marketing plans and their categories, is next to impossible. Yet management and the industry in general have the expectation that today's CMO will not only be across all of these innovations, but that they will have a working understanding of the possibilities and a viewpoint on which ones to use and how these will be integrated into the marketing strategy.

The language of technology

Big data, automated marketing, programmatic buying, trading desks[1], content management systems, wearable tech – these are just some of the relatively new concepts that marketers are dealing with. But underpinning these concepts is the technology category, which has a language all its own.

For marketers to be able to navigate their way through the tech category, they need to learn this obscure and alien new language, the language of the programmer, the IT specialist, the statistician and mathematician, the technologist and the systems architect. This means immersing themselves in a sea of TLAs and shorthand terms and phrases[2] created by those on the inside to keep others on the outside.

The plethora of choices

Even when a marketer identifies their requirements, there is then a huge array of possible choices of manufacturer, service provider or platform type. By way of a relatively simple example, a friend and colleague of mine at MediaScope keeps track of digital service providers in Australia and makes her findings available through its website[3]. Here is just one of her many marketplace diagrams showing the enormous complexity of choice already available.

1 trinityp3.com/2013/04/digital-media-trading
2 trinityp3.com/2012/11/digital-media-strategy-buzz-words
3 mediascope.com.au/mediascape-advertising-industry-guides

The problem for marketers is that they lack the language, expertise and time that would enable them to wade through the various options and understand the specific functional requirements and the broader compatibility issues. This is why marketers rely heavily on those around them to provide direction. But this is a problem in itself, as we can see by taking a quick look at where this guidance comes from.

Sources of information

Information technology

Much has been made of the need for the CMO and the CIO to become close colleagues in a world of technology-driven marketing. But this is often difficult for a number of reasons.

First, as has already been mentioned, the two officers often talk entirely different languages. The axiology of the IT department, for instance, is that of the engineer and the programmer, not the marketer.

Second, the IT department has responsibilities that stretch across the whole enterprise, and marketing is only one small facet of this. When managing sensitive areas such as finance and operations, where risk mitigation is a high priority, the IT approach to marketing can often be seen as heavily risk-averse, limiting innovation in the marketing segment.

Third, within many organisations, capital expenditure (CapEx) on IT infrastructure often sits with IT, and yet marketing is increasingly responsible for spend in this area. The issue of who controls the IT CapEx fuels power struggles in many organisations.

Having said all that, where the CIO and CMO do work together, with the CIO taking on the role of trusted adviser to the CMO regarding the latter's requirements, this can be incredibly efficient, as the marketing infrastructure is better integrated into the overall enterprise architecture.

Manufacturers and service providers

The ad:tech[4] (advertising technology) conferences and seminars have been around for quite a few years now and are another source of information for marketers looking to build and integrate technology solutions. The problem is that in this marketplace, like in most marketplaces, each vendor claims to offer the best solution to the marketer's problem. Trying to get independent and objective advice from manufacturers, sellers and resellers is next to impossible.

Sure, most provide functional comparisons of their system with competitors' systems, but as any marketer knows, all those ticks in all those boxes rely on selecting the criteria that makes your system more favourable. And unlike other categories, choosing the system or supplier that has been tried and tested by time can simply mean being behind the times, as the pace of change and technical development drives more and more innovations and improvements.

Agencies

Many marketers turn to their agencies for advice here, especially their digital or technology specialist agencies, whom they believe will have an up-to-date perspective. Of course, the good agencies will be across the latest innovations in the marketplace. But they are also often aligned to a specific manufacturer or service provider, either formally with reseller agreements and certifications, or informally with a preference for particular systems and platforms based on past experience.

This means that recommendations can often be driven by what the agency knows or prefers, rather than by the best fit with the marketer's needs. The most obvious manifestation of this is when we undertake a web-content or asset audit and find sites spread over multiple web-content platforms, some of which are either inappropriate for a large enterprise or are no longer supported as they have fallen out of favour.

4 ad-tech.com

Trade press

Industry journals and websites are also great sources of industry news, but they are not always the best sources of advice on technology. The issue is that they are often driven by a desire to provide news, meaning whatever is new or newsworthy to the industry. This leads to a focus on start-ups that have captured the industry's imagination or have been acquired for mind-boggling sums, or on repeating press releases from manufacturers and service providers that trumpet their latest innovations.

Where the trade press can be valuable is when you are doing research on which large organisations are using which systems (such sales are often announced in press releases), or what are the more popular technology solutions in the marketplace (another news story). But again, it is important to know who is providing the information and to determine if it is truly independent and substantiated. Too many press releases simply get published without any critical interrogation, and too many opinion pieces and articles are simply 'native' advertising for a particular supplier.

There are, of course, publications that specialise in advertising technology and which provide informed advice and category comparisons. Apart from the fact that most use the language of the IT department rather than that of the marketing department, the same issues apply regarding source and context.

Getting clarity

Ultimately, the best source of technology advice is a technology specialist. But you need to consider the following:

- Are they suitably qualified in and informed about the category you are interested in?
- Do they understand your specific needs and challenges, including any legacy systems or platforms you currently use?
- Can they communicate in plain language that is easy for you to understand, as opposed to swamping you with technical jargon?
- Do they have any affiliations, vested interests or commercial arrangements that could colour their recommendations or advice?
- What is the total cost of this advice, including ongoing fees for implementation, sales commissions and/or project management?
- Who else have they provided this information or advice to previously?

The best place to start is your in-house IT colleagues. Hopefully they will be able to meet most or all of the above criteria. If not, then consider obtaining third-party advice, but make sure you understand the context in which it is provided.

At TrinityP3, we have helped quite a few of our clients navigate this process[5]. We have done this not just by providing independent advice, but also by assisting the client in obtaining advice and understanding the perspective from which it is provided, so they are able to make a much more informed decision.

We have also worked with individual CMOs, marketing directors and senior marketers, providing advice and information on the choices available to them with total independence.

5 trinityp3.com/engagement-alignment/#4

POST 25

Amazing Agency Anecdotes from new business pitches

Posted 7 October 2013 by Georgia Suttie

An important part of the TrinityP3 pitch process[1] is having an up-to-date understanding of agency offerings, so we make a point of meeting with agencies day in, day out, whether there's a pitch on or not.

Now, some pessimistic folk may think: Why bother? The agency only tells you what they want you to hear. But I beg to differ. Visiting an agency on its home soil gives you great insights into its people and culture, things that are not always evident in a written creds submission. To do otherwise would be like dating online and never actually meeting – and we all know how that can go awry. Plus, when I meet with a client to talk about potential agency matches, it's important to bring first-hand experience of the people I'm trying to match them with. So, I always prefer to meet with agencies face-to-face before putting them up for a pitch.

Now, an 'added bonus' of these meetings is the stories I pick up as I shoot the breeze with agencies far and wide, a little something I like to call Amazing Agency Anecdotes – war stories, so to speak, that agencies have shared with me over the years about people and processes they have come across in the wonderful world of new business pitches. Here are a couple that are worth repeating.

1 trinityp3.com/agency-search-selection

Too good for the job

One of my favourites comes from an agency in NYC which was invited to pitch on a high-profile FMCG brand. After a lengthy client-run process, for which the agency invested heavily over many months in store visits, research, focus groups and the like, the agency got down to the final two, but they just missed out. Their 'debrief' from the client concerning the reason they missed out was that 'the chemistry was too good; you know too much about my business'. One would have thought that would be a positive, rather than a reason for being ruled out.

Interestingly, and perhaps not surprisingly, within 12 months the client was back pitching again and the agency was again invited to participate. Their response? Clearly we can't be right for you as we still know the same amount about the business. Thanks, but no thanks.

It was a gutsy but called-for response. A client that thinks knowledge of the category and the brand is a negative is clearly not in the right space to be shopping for a new creative partner. Or perhaps they were never shopping in the first place.

It was fun while it lasted

Another, more recent story was related to me by a Sydney agency which had just been awarded a much-prized piece of new business in a pitch run by one of our competitors. During the last stage of the process, the agency was called in for the final negotiation on agency remuneration[2]. In the presence of the client, the pitch consultant leaned across a table and said to the agency, 'Just so we're clear, you won't be making any money out of this account, but you'll have a great time. They're such a fun client!'

Mmmmmm. Hands up who likes to be paid in fun!!?? Needless to say, the relationship is not thriving.

Same same but different

And finally, there's the one where, after a first-round chemistry meeting[3] in a pitch process, I got a call from the client to tell me how fabulous the agency was – it was the leading contender to be the client's new creative partner.

In this instance, I hadn't been in the meeting – it was just the client and the agency. So I quickly rang the agency to give it the feedback and plan the next stages of the process. Before I could get a word out, the agency told me it was pulling out of the pitch because the chemistry meeting

2 trinityp3.com/2013/07/agency-remuneration-principles
3 trinityp3.com/2011/12/the-importance-of-chemistry-meetings-in-the-advertising-agency-selection-process

had gone badly. Apparently the client had been disinterested, bordering on rude.

How had the two parties each interpreted their meeting so differently? To this day, I still am not clear – mostly because I wasn't there – on how two groups of very smart communicators became so misaligned in the space of an hour. Needless to say, the agency stuck to its guns and the process moved on without it.

It just goes to show that it often pays to have an independent party in the room to try to clear up any confusion or misinterpretation.

Good humour

These are just some of the Amazing Agency Anecdotes that I have picked up over the past few years that highlight the funny, frustrating and flawed ways in which a relationship or new business pitch can go awry. And while poor process is no laughing matter, it is important to maintain a sense of humour in trying times, which the agencies that shared these stories always do and for which I am eternally grateful.

POST 26

Five ways in which agency account management can become indispensable again

Posted 30 September 2013 by Anita Zanesco

What's in a name? Account management, account service, account handling – agencies consistently use all these department names for the same function. But are they really all one and the same?[1]

Personally, I think not. These department names infer quite different job descriptions, and ultimately, quite different roles within an agency and when working with clients. The fact that we so blithely swap one name for another is worth discussing if for no other reason than a sense that true account management potentially could be losing its way – along with the ability to attract bright, business-minded folk who are capable of driving the industry to greater heights.

This post makes some observations from an outsider's point of view (albeit an outsider who used to be on the inside) and suggests several ways in which we can potentially reinvigorate this once indispensable department.

Back when account management ruled the world …

So here's the thing. I started in what I like to call 'account management' in the late 80s. At that time in Australia – if there are any gen Ys reading this, please stop rolling your eyes now! – there was no such thing as 'planning' as it exists today. Occasionally, agencies had a head of strategy,

1 trinityp3.com/2010/09/do-you-want-account-management-or-account-service-from-your-ad-agency

but as you can tell by the title, it wasn't a department, just a senior person who was uber-strategic and assisted account management with higher-level strategic issues across all accounts.

Therefore, those responsible for managing clients did just that. They managed the client's business from a communications perspective. They attended client strategy sessions. They contributed to marketing and communications strategy planning. And generally, they wrote the briefs. They managed each brief through the agency, working with creative teams and media departments to develop ideas and then present those ideas back to the client.

And yes, back then (in those dim, dark times), it was actually uncommon practice for creative teams to attend those meetings. Unthinkably, they were back at the agency doing what they did best – creating … developing original, groundbreaking ideas for clients who were paying the agency to do so.

Before you start getting all defensive about the way things are now and talk about moving with the times etc., I'm not saying some things haven't changed for the better. I do believe that in so many ways, they have. I'm merely trying to start a conversation about account management and what made it attractive to intelligent, business-minded students and young professionals in the past – people who wanted careers where they could use their business nous and strategic intelligence in a creative environment.

To quote Morris Hite[2], 'The ultimate test of a finished account executive is his ability to write a sound marketing plan', and 'No agency is better than its account executives'.

Clearly things have changed since 1950 when Hite's agency Tracy Locke was in its prime in the south-western United States. But regardless, the quotes reveal a belief at that time in the basic requirement for an account executive to be able to write a marketing plan and the critical importance of account executives in driving an agency to success.

From driver's seat to passenger seat

So what's happened since then?

The evolution of planning throughout the 90s resulted in a new department that is now seen as the intellectual hub of the agency. Equally, over time, creative teams have taken on more client-facing roles and appear not only in creative presentations but also in briefings. Subsequently, those

2 advertisinghall.org/members/member_bio.php?memid=658

creative teams are often used to help develop the creative briefs or to challenge weak ones. And with media no longer a department within the agency, external media agencies are being briefed independently and creating strategies independently of the creative idea.

The end result, in many cases, is that account management has become lazy. It has become 'account service', and the definition of 'service' is markedly different to that of 'management'.

management (noun)

1. the act or manner of managing; handling, direction, or control.
2. skill in managing; executive ability: great management and tact.
3. the person or persons controlling and directing the affairs of a business, institution, etc.: The store is under new management.
4. executives collectively, considered as a class (distinguished from labour).

service (noun)

1. an act of helpful activity; help; aid: to do someone a service.

Source: Dictionary. com

Now it may well suit some agencies to have an 'account service' department. If that's the case, they should be recruiting well-heeled salespeople to effectively 'service' their clients – to take client orders without challenge, to wine and dine clients, and to be the voice of the client within the agency. But I don't know any creative agencies that work this way, or if they do, that would be willing to admit it.

Many years ago, Mother[3] was born in the UK. Its model was the first I know of that dispensed with account management altogether. Instead, it used strategic planners to liaise directly with clients to manage their business, and it used project managers back at the agency to liaise with the planners and creative teams to develop ideas.

That's all well and good if you have a small, independent agency free of politics, and if you have planners who are prepared to be the client-liaison point within the agency. Unfortunately, that's not how it works in many cases. We still need client-facing strategic suits who can be the client's point person but equally are prepared to challenge them and represent the agency, people who understand the financial implications of running a client-led business in a creative environment.

3 motherlondon.com

Five ways to reinvigorate account management

It's taken me a while to get here, but on that note, here are five ways in which I believe agencies can start defining what account management means to them and their agencies, and the role its members need to play. With a clearly defined role for the department, my view is it will have a much brighter and more secure future in the communications industry and will be able to recruit genuinely strong talent moving forward.

1. Create inspiring job descriptions for account management

It can be the most rewarding or the most thankless job. Create a department of thinkers, problem-solvers, challengers. Don't make them servile to a client's every whim. Allow them to challenge; give them the support back at the fort to debate things and find better ways of tackling business problems and communications briefs.

2. Create training opportunities to address gaps in knowledge

When juniors start, teach them from the get-go how to write briefs, judge creative work and present to clients. Train them in finance and running an agency. Essentially, you are training the future leaders of the industry, so they need the substance behind them to lead with knowledge and understanding. Inspire them to drive the business.

3. Create opportunities for those with potential, and redirect those with none

Seriously, this is the hardest thing in advertising today. We are all so nice to each other, and it's only when business is lost that redundancies are made.

If someone isn't performing, show them the door. But do it with grace. If they aren't cut out for the industry, then help them find out where they will excel. Have the hard conversations early. Warn people if they aren't up to scratch. Tell them what they need to do. You only want the brightest sparks in the building, so if there's a dull light somewhere, put it out and let it find somewhere else where it can actually shine.

4. Create respect

Create an environment of respect for account management. Make the department earn it, but make sure the rest of the agency allows for it. They are not 'bag carriers' and should not be viewed as such.

5. Create responsibility

Ultimately, the account management department is responsible for driving the client's business. Make them accountable for the strategic direction, the creative product and the business results. What they don't know or understand, teach them. No-one can be expected to do everything and know it all, but give account management the tools and those who are willing and able to will rise to the top.

Respect

I genuinely want to see account management firing in this country. I want to see it admired for its courage, intelligence and creative inspiration. I want to see it respected by clients who are happy to deal with their account management team, and who are not always expecting strategic conversations with planners and creative debate with creative teams. I want it to be a profession that dynamic, clever, savvy juniors want to join.

POST 27

13 reasons your content marketing strategy might be failing

Posted 12 March 2014 by Mike Morgan

Content marketing has become an industry buzzword over the past two years – no doubt about that. Large numbers of businesses have launched themselves into the new digital arena where 'Content is King' and the rewards are great for those that are able to nail the complexity involved with effective strategy.

And that's very true too. However, a large percentage of these efforts is still completely missing the mark, leading to poor results, confusion, conflict and, in many cases, the abandonment of the strategy. Way back in November 2012, I wrote a post which detailed 30 reasons why content marketers were failing[1]. Most are still true today; in fact, many of the problems have become even more acute.

Content marketing strategy relies on a number of key attributes, and a missing piece of the puzzle will in most cases have a significant impact on success. Forgot to factor in Google's requirements[2] and the nuances of the Hummingbird update[3]? Focused on quantity over quality? Launched without a defined and measurable set of goals? These are all more common than you might think.

The best way to get your strategy firing is to eliminate the mistakes that are holding it back. Here are 13 issues that could be contributing to your poor performance (and probably are).

1 trinityp3.com/2012/11/content-marketing-strategy-failing
2 support.google.com/webmasters/answer/35769?hl=en
3 See the post titled 'What does Google Hummingbird mean for marketers?' on page 39 of this book.

1. A lack of strategic development

Unfortunately, many content strategies are launched with a 'create and publish content and they will come' philosophy. No, they will not.

The following are critical parts of strategic development:

- Who exactly is the audience and what are they looking for?
- What personas are we targeting?
- What is our tone of voice?[4]
- What is the value that we are bringing to our audience?
- What are our goals?
- How will we measure progress?
- How will we measure ROI?

And there are many other questions that must be incorporated into your strategy before you build the content platform.

Make it count.

2. Not publishing regularly

When it comes to digital content creation, we typically see a flurry of activity over the first few months, and then contributors go missing, and the apologies and excuses begin. Suddenly, nothing has been published for a month and the popularity signals begin to wane. Repeat visitors slow down, search engine robots drop their crawl frequency, social shares flatline.

We all have a lot on our plates. It is a time-poor, 24/7 business world. So as soon as business is under pressure, either through rapid growth or peak seasonal fluctuations or a reaction to reducing revenue, something has to give. Often, the first thing to go to the wall is the digital content creation section. But this is the last thing that should be sacrificed, as consistency is the key here.

Making up the lost ground mentioned above can be very difficult and time-consuming.

3. The C-suite doesn't know (or doesn't care)

Without the support and involvement of the executive level of the organisation, you are pretty much wasting your time. Resources, budgets, strategy, meetings and much more are required. If those who have the power to remove budget or veto strategy are not on board and have not been appraised of the proposed outcomes, then any requests for future

4 distilled.net/tone-of-voice

resourcing will go through a series of hands before being put in the low-priority pile.

Try doing content strategy with zero budget.

4. Fear of giving away IP

Content marketing involves a big mindset shift for a large number of organisations, whose key fear can be expressed as follows: 'If I tell everyone how we do what we do, what is to stop our competitors or even our clients/customers from taking this information and doing it themselves?'

The interesting fact is that the more you demonstrate your high level of expertise, the more business you attract. Over a period of time, people begin to trust you as a spokesperson and an innovator in your industry, as you are continually showing that you understand many facets of your offerings and of the industry as a whole.

And there is always the thought that if this is what they are prepared to give away, imagine what I will get as a paying client …

5. Too much sell, sell, sell

This is boring to everyone. No-one wants to share your content if there is a big plug for your product at the end. Or if, as happens in some cases, every piece of content produced is simply a sales message about a product or service. Picture a thousand eyes glazing over.

You have to earn advocacy or social endorsement. You will only get a couple of chances at this and then people will tune out permanently.

6. SEO is dead

This is a massive fail. You have read in blogs that the old days of SEO no longer apply[5], that Google is looking for content and doesn't care about keywords or any of those old-school manipulative techniques.

True about the old-school techniques, but some of these doomsaying writers are doing you a grave disservice. You MUST understand Google's Webmaster Guidelines. You also need to gain an understanding of recommended practice for:

- metadata
- heading structure
- content length
- short-form copywriting for titles
- PageSpeed
- image optimisation

5 searchenginewatch.com/article/2301719/6-Major-Google-Changes-Reveal-the-Future-of-SEO

- Open Graph tags
- authorship
- structured data
- HTML improvements
- social sharing optimisation
- website performance
- clickbait
- linkbait

And there are many more ranking factors that ensure great user experience, improved conversion and technical compliance.

This has nothing to do with spammy SEO practices – this is your content foundation. SEO is not only alive but is an essential partner to content.

7. Woah! Resisting multiple descriptive content-enhancing complex concepts

We've all seen these. It's a pity that some writers think that people will be impressed if they use a whole lot of adjectives, pronouns and words that you need an online dictionary to understand.

What does it all mean? Who are you talking to? Does your audience really care that you are intelligent enough to use really long words? The scientific name for the protein titin has 189,819 letters – do you think people would be impressed if you used this in your piece?

Keep it simple. Keep the language informal and address it to your reader. As far as your reader goes, they are the only one who is engaging with your content at this specific moment in time. So engage with them – don't patronise them.

8. Social media? Our clients don't use it

You've decided that a social media strategy is something that you will tentatively use, or maybe just put off until someone can prove its worth to you. Your business has some presence, but why would you waste your valuable time on personal profiles? After all, [insert your industry] doesn't really use social media.

There are a couple of incorrect assumptions around this. For one thing, it would take a massive amount of 'head in the sand' behaviour to ignore the rise of almost every demographic through at least one of the major social platforms. Even the most traditional industries have a strong presence on LinkedIn, and most are waking up to the benefits of integrated social strategy using a customised range of platforms. They utilise Twitter, Facebook, Google+ with YouTube, Pinterest, Instagram, Tumblr and the many others that are jostling for you and your customers' attention.

The game has changed. Social amplification is crucial. These social media sites all offer a high-visibility content-promotion channel. And they allow you to share your 'value giving' content with a far larger audience than you could hope to gain by collecting subscribers.

The reach factor of advocate-shared content should never be underestimated. Each retweet, share, like, comment, +1 and favourite allows you to get views from people outside of your usual networks. And as an added bonus (as if you needed one), search engines track popularity as part of their big/popular brands ranking data.

There is some discussion around the power of social signals, but there are few who completely deny the impact of search engine reputation.

9. Big blocks of text, big paragraphs, long sentences

That back button is so easy to hit. Add very small, barely legible fonts and you have the back-button jackpot.

Talk to your designer/developer. Get the font size sorted out. Then make sure you never write incredibly long sentences, that you break up paragraphs, that your site isn't an impenetrable fortress of words.

Think Hemmingway, not scholarly journals. Don't lose your readers before they have had the opportunity to absorb your wisdom.

10. This is my title

That's pretty good isn't it? No, it's not. I've already mentioned the importance of SEO titles, and here I am going to really labour the point.

Upworthy, BuzzFeed and almost every savvy online blog knows that the success or failure of any content lies in the attractiveness of the title. (Mind you, I think the days are numbered for the Upworthy formula …) I would even go so far as to say you should spend at least 25% of the time you devote to creating the content on crafting the best possible title – more, if possible.

Learn search engine length guidelines (60 characters, including spaces). Learn title cut-off lengths for the various social media platforms you use (they vary). Split-test different titles on Twitter and measure engagement.

Test and learn, test and learn.

Think about this: Why would someone who sees your title and a link in a fast-moving environment want to click through? This is where clickbait comes to the fore.

However, a word of warning. If your compelling headline is not followed up with complete relevance on the destination page, then you will fail. You only need to lose the trust of a visitor once, so don't push the limits.

11. Attribution problems

If you are not prepared to reference your sources, you are missing out in several ways.

Let's say you have used information from a source online with the correct attribution. What happens next? Search engines see that you have referenced a high-quality source so your visitors can read about the topic in more depth; they get more value.

In some cases, the referenced author will get a notification that they have been linked to. Sometimes they will thank you on social channels or link back to the piece. If not, you can send them a message letting them know you have mentioned them and ask for their OK on how you have framed their opinion.

Back to the social thank you and link bit again. Add a bit of influencer relationship-building into the mix as well. This all leads to higher authority for your content and increases your visibility.

Obviously, Wikipedia is not going to engage with you, so find industry sources that have influence but are still approachable.

12. Everything is in-house

You say to yourself: We will write all our own content. Why would we allow outside writers to gain advantage from publishing on our site?

Forget about Google's recent announcements about guest blogging for a minute. Google is only stamping out the practice of link building using low-quality articles. These are poor-quality pieces on unrelated sites that aim to get exact-match anchor text links back to their own websites to manipulate rankings. Pure spam, and I'm sure you have had the same email approaches we get too.

This is not what I am talking about here.

Expert contributions from respected, influential people in your industry. That's what I am talking about.

Each one of these adds an extra layer of authenticity, leadership and authority to what you do. A bonus – you reach new audiences as they will inevitably share the post with their own networks. This new audience checks out your other content – increased social shares, more views, greater authority by association.

13. The old keywords myth

Like the 'SEO is dead' myth, there is still a lot of misinformation around keywords.

Google's external keyword tool was taken down and Keyword Planner (Adwords accounts only) replaced it. Google stopped giving us keyword data on what phrases visitors were using to arrive at a site. The Hummingbird update and the new focus on context and natural language queries, mobile and voice-activated search, plus the overall shift from strings to things, has led to a flood of 'keywords don't matter' proclamations from people who should know better.

Sure, clunky exact-match keyword use brings far less benefit, and human users will always be turned off by it. But that has been the case for at least two years now. The reality is that your accumulated knowledge bank sinks or swims on its discoverability. And this is driven by evergreen content that is optimised for a range of possible searches.

In order to maximise this potential, you need to understand keyword research and you need to understand correct implementation from a 'humans first, robots second' perspective. How do you answer your potential customers' queries in a completely natural way while taking into account keywords, traffic volume, competition and conversion? This is the art and the science of technical content marketing.

At the crossroads

That's 13 big reasons to ponder. And this is where I will leave this post.

Content marketing sits at the fascinating crossroads of copywriting, creative direction, strategy, technical understanding, social influence, innovation, conversion rate optimisation, design, user experience and a decent amount of sheer hard graft. Are you prepared to take up the challenge?

POST 28

No-one wants to hire Noddy the account director

Posted 28 March 2014 by Nathan Hodges

The traditional pitching process[1] has created some very clear roles for traditional agency players. The clue is usually in the name. If you're a strategist, or creative director, or data planner, or channel planner, then hey, guess what your role in the pitch is going to be? All the introducing, summarising, topping and tailing is usually handled by the CEO, MD or new business director – sometimes all three when there's a lot of this stuff to do.

If you have an account management title, however, it's a bit different. Most of your hard work stops outside the door of the pitching room because it's mostly about making sure the others in your team look good. When you're inside the room, on the day, you're often lucky just to get given technical operator responsibilities.

Most of the time, in the pitch[2], your main role is to nod. You are, in fact, the chief nodder. You nod very hard when a client asks a question. You nod with a knowing smile when one of your team answers it. Over time, you perfect slow nods, fast nods and even laughing nods. See that picture of Noddy from the Enid Blyton books? That's you.

This has always seemed very strange to us. That's because, of all the members of the agency team on a client's business, the account management team members[3] are the most influential – the ones with

1 trinityp3.com/2013/07/agency-pitch-processes
2 trinityp3.com/2013/10/select-your-ideal-agency
3 See the post titled 'Five ways in which agency account management can become indispensable again' on page 110 of this book.

the greatest ability to make or break the relationship and contribute to its commercial success.

Yet, in a pitch, most clients hardly test these vital people beyond their ability to pour coffee, connect data projectors and nod. The view of their management suitability or otherwise is based almost entirely on general chemistry and some kind of sixth sense. So maybe it's not that surprising when account team members get swapped in and out like a commodity for the first six months of a successful agency's tenure.

So how do you test account management teams in a pitch? We find there are two ways.

First, have the client team pay very specific attention – and apportion scores at each stage of the pitch process – to the dynamic between the account team and the rest of the pitching team. What you're looking for is a good level of mutual respect and confidence, as opposed to a master–servant relationship and an expectation that one party will make all the decisions while the other will simply carry them out.

Watch out for account people continually deferring to creative or strategic people when it comes to pitch Q&A. There should be equal ownership of strategy and creative thinking across the team. If there isn't, then as their client, you'll be quickly caught up in the tedious day-to-day of 'We'll talk to the creatives and get back to you' or 'Let me check that idea out with the planner'.

Second, do a direct test. Ask for the prospective day-to-day account team to show in the pitch how they would brief and manage changes to a creative idea. Or how they would brief that idea for expansion across the rest of the agency roster. Or help get buy-in for the idea from the client's sales force or top management or franchisees. Insist at one of the meetings that it's the account team that presents the strategy or the creative thinking. In other words, let them show you – as best as the pitch process allows – what they're going to be like to work with day-to-day, how much respect and influence they have within the agency team, and how much they can make process and hard work feel fresh and fun.

There are so many talented and smart account people out there, but the usual pitch process so often just marginalises them. It's up to agencies and clients to make sure the good ones shine through.

POST 29

Have media rebates and kickbacks killed media-neutral planning?

Posted 3 February 2014 by Stephen Wright

With the growing choice of media channels available to marketers, it is increasingly necessary to obtain media-neutral advice on the most effective way to select and buy access to them[1]. There is also a need to balance the sometimes conflicting requirements for managing owned, earned and paid media.

But changes are occurring, often beneath the surface of the industry, that are making the goal of media neutrality increasingly more difficult to achieve. These include:

- traditional agency remuneration
- media agency trading desks
- media rebates, commissions and incentives
- media agencies as media owners

Without media transparency, trust is compromised, and from there the relationship spirals downwards.

Let's look at the above points individually, but first let's review the process we currently use.

The media process

There are three basic stages to the process – strategy, planning and trading for all media.

1 trinityp3.com/monitoring-benchmarking/#4

The strategy stage is about drawing on research, data and insights to choose the channels and the investment level required to deliver the objectives. Planning is about implementing the strategy with the choice of specific media environment that will become the basis of the media trading. The final stage is the negotiation and the actual transaction, be that manual or automated through programmatic buying.

For many marketers, these services are provided by a media agency, while others have separated strategy from the planning and trading. But we have recently seen a trend back to a single-agency solution for a number of reasons, including:

- the convenience of managing a single media agency
- consolidation to reduce media agency costs
- the need to have strategy informed by trading opportunities

The end-to-end media agency appears to be the prevailing model.

Traditional agency remuneration

We have written previously about the race to zero in agency remuneration[2] and the continuing downward pressure on agency costs. But in media specifically, the agency is remunerated not based on the value of the media investment or the value created, but on the resource cost of providing these services.

Simply paying the agency for their resources removes the incentive to automate and become more efficient, and means that revenue growth comes from simply doing more rather than generating greater value. If the agency is to generate greater revenue from their client, they need to either encourage greater spend through promoting media owner opportunities, and the bigger the better, or by taking on more of the responsibilities of other agencies.

Both are increasingly common. But becoming an effective sales representative for the media owner is counter to media neutrality.

Media agency trading desks

Trading desks and demand side platforms have been discussed extensively previously[3], including the concern held by many advertisers about the lack of transparency and the lack of suitable benchmarking[4].

2 See the post titled 'Agency remuneration – the alarming race to zero' on page 166 of this book.
3 trinityp3.com/2013/04/digital-media-trading
4 trinityp3.com/monitoring-benchmarking/#5

Another concern is that the increased use of programmatic buying is not delivering efficiency savings to the advertiser, and that it is increasingly difficult to ensure accountability in the placement and delivery of the advertising.

This perceived lack of transparency and accountability leaves many advertisers concerned about the impact on the impartiality of the process of selecting and buying media properties.

Media rebates, commissions and incentives

All of this is exacerbated by the reported trend of media agencies effectively subsiding their fees by obtaining income from the media owners in the form of rebates, commissions and incentives. This was first highlighted by the article in Mumbrella by deputy editor Nic Christensen[5] and in my subsequent post on the topic[6].

The relationship between the media agency and the media owner has become commercialised in a way that conflicts with media neutrality. The agencies participating in this behaviour have financial incentives to influence the media spend to favour the media owners who offer the largest incentives, or to meet pre-agreed commitments.

And this is not an arrangement that can be identified with a financial audit[7].

Media agencies as media owners

When the merger of Publicis and Omnicom was announced last year[8], there was much discussion about the benefits and implications. One that was highlighted was that the size of the merged entity gave it the mass to either create or acquire major media holdings, or to create media platforms in the digital space.

If agency holding companies become media owners, this significantly compromises their media neutrality.

Achieving media neutrality

The first question you need to consider is whether media neutrality is important to you. What do you see as the specific benefits of achieving media neutrality? It could be that having the media trading, planning and strategy combined delivers opportunistic advantages to your media and comms. This could be achieved through the delivery of money-can't-buy sponsorships or integrated media solutions.

5 mumbrella.com.au/what-your-media-agency-might-not-be-telling-you-168038
6 See the post titled 'Who does your media agency really work for?' on page 29 of this book.
7 trinityp3.com/2013/11/financial-audit-media-buying
8 trinityp3.com/2013/08/publicis-omnicom-group-merger

But if you do want to achieve media neutrality, the first step is to separate channel planning and media strategy from media planning and buying. The media strategy is developed to deliver specific objectives using any and all available data and analytics. It is also important that the strategy development is separated from the implementation in all financial aspects, and to remunerate the strategy development based on performance or value, not cost.

To ensure that media neutrality is delivered without compromising the trading opportunities in the market, you then need to have the media strategy agency manage and oversee the media implementation planning and the trading as well.

The media planning and trading agency is incentivised on buying efficiency and the strategy agency is paid on media effectiveness. The two work in cooperation, with the emphasis on effectiveness and then on the implementation being optimised to be as efficient as possible.

In this way, you deliver media neutrality in the strategy and channel selection, without compromising the efficiencies of the dynamic trading market.

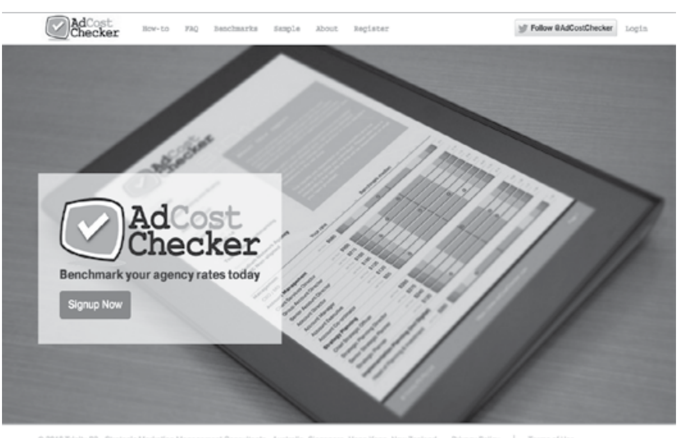
POST 30

A simple way to check your advertising agency fees

Posted 16 April 2014 by Darren Woolley

Are you an advertiser, marketer, procurement professional or even an agency manager? In all roles, a key issue that arises on a regular basis is advertising agency costs – specifically the rates charged.

TrinityP3 has been benchmarking and assessing agency fees and charges[1] for more than a decade, and one of the main areas of conflict is in determining a fair and reasonable rate for those advertising services. This is why we have developed an online system called Ad Cost Checker[2].



1 trinityp3.com/engagement-alignment/#1
2 adcostchecker.com

Checking your rates

Imagine being able to enter agency rates into an Excel file against the predefined benchmarks, then uploading the file to a secure website and instantly getting a report that shows where your rates sit compared with the industry benchmarks. Our system is fast, simple and provides an independent benchmark.

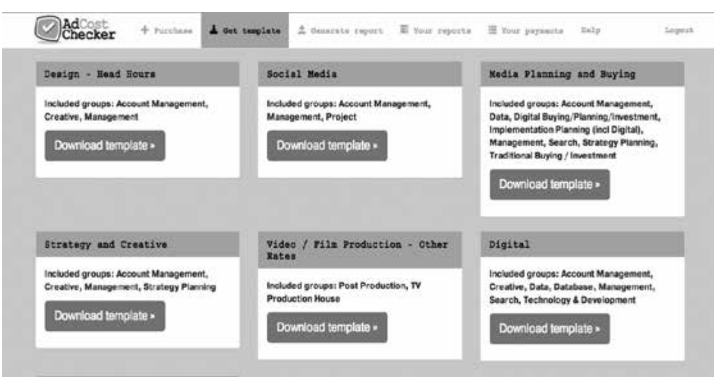
The five basic steps are to:

1. sign up
2. purchase a report
3. download the appropriate Excel template
4. complete and upload the Excel template
5. download and review the report

Beyond the steps required to use the system, it provides the industry with a valuable source of agency fees and rates against which you can do a comparison and benchmark, no matter whether you are the buyer or seller. Advertiser, procurement and agency can all access Ad Cost Checker to better understand where their advertising agency rates statistically sit against the industry.

Advertiser benchmarking your agency

Your agency fees have been in place for a while and the agency has been hinting that it needs to review them as they are hopelessly out-of-date. Actually, it has recently become more than a hint, with the discussion becoming a regular feature of meetings with the agency. But with the cost of living fluctuating in recent years between 2% and 3% in Australia, how far out are the current fees? And could it be that some rates have actually dropped because of technology innovation and supply and demand?



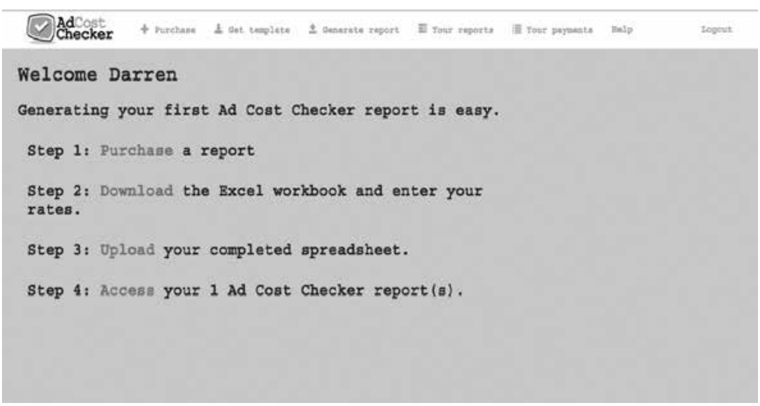
Adv. Production – Head Hours

Using Ad Cost Checker, you can download the appropriate cost benchmarks and either have the agency complete the rates or complete these yourself from the current agency contract or recent estimates. Then simply upload the template to the system and get your report to show how the current agency rates compare with the benchmark. Or you could even benchmark the proposed agency rates.

If the category of rates and benchmarks are not here or not currently covered, simply tweet to @adcostchecker with the description of the category of rates you are interested in and the #newcosts.

Procurement benchmarking agency suppliers

You are a procurement category manager undertaking a tender in the marketing category. As part of the process, you have had the agencies supply their rates. You now have a range of rates from the various agencies. But the question is, beyond just selecting the lowest rates, how do these compare with the market? Once you have signed up to the Ad Cost Checker system, four steps can definitively answer your question.

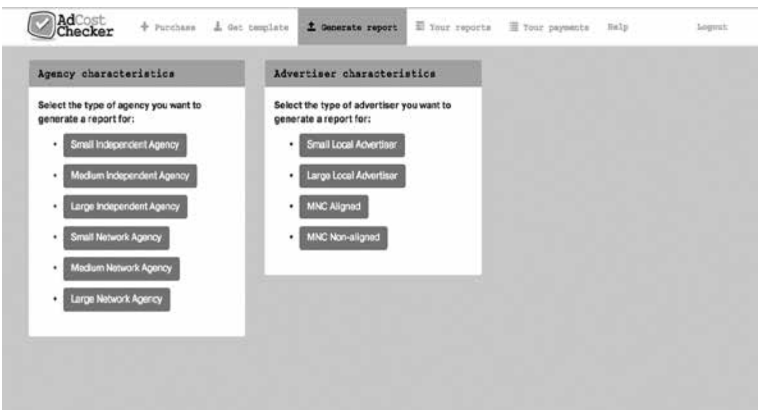


The other major issue is that the agencies can make it difficult to compare like with like, often using different role, job and fee titles as well as descriptions in their responses. You could, as part of the RFP or RFT, have the agencies populate the Ad Cost Checker templates to allow you to make a like-for-like comparison, while still allowing the agencies to use their specific job titles and cost descriptions. Or you could have the agencies provide the Ad Cost Checker report, allowing you to compare the rates with the industry benchmark without the cost.

Currently this service is only provided for Australia. We plan to roll this out in 2015 to New Zealand and then South-East Asia, including Singapore, Indonesia and Malaysia. If you are interested in this service in your market simply tweet to @adcostchecker with the name of the market you are interested in and the #newmarket.

Assessing agency rates against the market

Ad Cost Checker is also valuable for the agencies themselves. When either a client or the client's procurement team suggests you are 'above the industry benchmark', here is a truly independent source to use. You can also check your rates against other types of agency–client relationships.



Perhaps you are a medium-sized independent agency in a pitch and you are up against a large global network agency for a large local client. Or you are a large independent agency and are up against a large network agency which is aligned to the client globally. In each situation, you can not only check your rate against the market in your category, you can also check your proposed rates against the type of agency you are pitching against and the client type.

This will provide you with a fuller view of the competitive market set and allow you to make a more informed decision on how to present your rates to your client.

The value of Ad Cost Checker

Instead of simply guessing where your agency rates sit in the marketplace, the Ad Cost Checker system allows you to quickly, simply and easily understand how they compare with the market, depending on the category of agency (creative, media, digital and design), the cost centre, the ownership and size of the agency (independent versus network, and small versus medium versus large), the type of advertiser (local versus global and small versus large) and the relationship with the agency (globally aligned versus non-aligned).

This provides the user, be it the advertiser, procurement or the agency, with an informed understanding of where the cost statistically sits against the market data, providing a valuable market benchmark.

POST 31

Top 10 considerations when selecting a new media agency

Posted 23 November 2011 by Darren Woolley

Media continues to be the single biggest investment for most marketers and advertisers. And this option is ever-expanding, with more choices and more specialists entering the marketplace. So how do you go about not only choosing the right roster model but also the right media partner for your business? Here are a few things to consider.

1. What media services do you require? Do you want a strategy/planning specialist? A search specialist? Or a big buying house? Or a general one-stop shop? Each option comes with various strengths and weaknesses, depending on your needs and circumstances, and your first step is to identify these
2. What is the buying power of the agency? The majority of national advertisers buy through media agency buying groups, and the size of their billings and your budget can significantly influence the level of discount an advertiser will enjoy
3. What media specialities do you need? A number of such 'specialities' have emerged recently within the media function, including the channel planner, digital strategist, search strategist, social strategist, consumer insights specialist, sponsorship specialist, econometric modelling specialist, research and technology specialist and so on. Make sure the agency has the skills you need, but likewise don't pay for what you don't really need

4. What media tools and software does the agency provide? Optimising software was the first innovation, rapidly followed by modelling software (awareness, sales, response), true econometric modelling software, portfolio management software and so on. But 'smart' software is only smart if the benefits to your business can be demonstrated
5. What additional skills do they provide? Specialist resources require specialist personnel, and some of the new areas need people with skill sets from outside the industry. It is not unusual to see a dedicated market researcher in the consumer insights role, or an economic statistician in the econometric modelling area
6. What are the skills of the people who will be working on your business? Some media agencies have developed internal 'cells' that specialise in a particular category or industry, across a range of individuals. Ideally, you should look for experience in addressing the basics as well as technology and digital expertise, in a cohesive team that provides both youthful creativity and mature outlook
7. How engaged will the agency's senior management be with your business? Media agencies are successful business units with skilled and seasoned management. Most are run by experienced media specialists/generalists, and the skills these people bring to the table are critical to their success
8. What form of remuneration do they prefer? Cost plus retainer? Project fees? Media commission? Is there a performance-based remuneration (PBR) aspect that rewards or penalises the agency on performance? The type of remuneration applied should work for both you and the agency in regards to value, changes in budgets, workloads and cash flow
9. How effective is the 'chemistry' or 'fit'? Most relationships that last long term are based on mutual respect, understanding and consideration. Much more than the camaraderie of the new business pitch, this is a genuine interest in or passion for your business, an open and honest approach that will engender trust and respect
10. Do you have the time and expertise to consider all the options? If not, contact TrtinityP3 as we have an extensive and detailed database of media planning and buying agencies, and experience in helping advertisers make the right choice

POST 32

How content strategy increases content marketing effectiveness

Posted 13 December 2013 by Craig Hodges

Like most other people in the content marketing space, I read with great interest the latest incarnation of the Content Marketing Institute's annual research report, *Content Marketing in Australia: 2014 Benchmarks, Budgets, and Trends*[1].

Given we've seen an explosive year of growth at King Content, I wasn't particularly startled by the revelations that 93% of for-profit marketers in Australia are using content marketing in some shape or form, that 74% now have an internal resource that oversees content marketing, and that 81% say they are creating more content now than they were 12 months ago – although I must admit to being pleasantly surprised (and validated) by the fact that 69% of marketers plan to increase their content marketing budgets in the next year.

This is all great news! And we even created a neat little infographic[2] to highlight these findings. But if you dig a little deeper into the research findings (as we're able to do as sponsors) you uncover some really interesting insights regarding the differences between the approach taken by those who see themselves as 'effective' at content marketing and those who don't.

The research found that while 93% of Australian for-profit marketers are now utilising content marketing, only 33% feel that they are 'effective', and of these only 5% feel that they are 'very effective'.

1 contentmarketinginstitute.com/2013/11/australia-2014-content-marketing-research
2 kingcontent.com.au/australian-content-marketing-research-2014

Strange, huh? An impressive 93% are utilising it, while 81% are producing more content now than 12 months ago and 69% plan on increasing their spend, yet only 33% feel that they are effective.

What makes some content marketers more effective than others?

Well, the biggest difference between the most effective and the least effective approaches was shown by the research to be the development of a documented content strategy. Those who have a documented content strategy are more than twice as effective as those who don't.

The most effective content marketers (80% of which have a documented content strategy) have also been shown to be less challenged when it comes to time management, producing enough content and – most tellingly – producing the kind of content that engages. Interestingly, the most effective content marketers also utilise more content tactics and social media platforms than their ineffectual counterparts.

It appears, then, that by getting their strategy right, these marketers are able to not only execute the basics but to diversify their content offering and interact across more social media channels. In doing so, they are able to connect with more people to drive better results.

As far as I'm concerned, the key takeaway from this year's research is that for Australian marketers to get off the hamster wheel of content creation, they need to develop a documented content strategy.

What should a documented content strategy include?

While there is certainly no foolproof template, there is a model you can adopt which can help you define what your current plan might be missing and increase your chances of content marketing success.

Generally speaking, a content strategy should outline the following:

- Overall content marketing objectives – Why is your brand dedicating resources to content marketing and what do you hope to achieve?
- How these objectives will be measured – What are the KPIs for each objective? How can you measure success if you don't know if you've achieved it?
- Target audience and content personas – Sorry, but 'Females aged 18–40' just won't cut it in the online space. Research on existing clients and target audiences should be conducted during strategy

development to define who your brand will be speaking to, how they currently consume online content and what value your brand's content will deliver to them. (That's right – it's about them as well, not just you.)

- How objectives will be aligned to content tactics – Think about it! Content developed for customer retention will be very different in format, tone, material and amplification strategy to content written for lead nurturing. Similarly, content written for organic SEO will be different to content designed for social share. During the strategy phase, you need to map out how content tactics will be utilised to realise business objectives
- Content development process and calendars – Think about the process for creating a simple blog post: idea generation, strategy alignment, keyword and topic research, content creation, proofreading, image sourcing, uploading and amplification. Would your current organisational structure be able to effectively resource the creation of not only blogs but a variety of content types? When developing a content strategy, you need to outline the process for content creation, the frequency with which you will create content, and who is responsible for each task
- Amplification tactics – Unfortunately, the old adage 'If you build it, they will come' doesn't necessarily ring true for online content marketing. You could have the most amazing blog post ever written on your website, but if your target audience can't find it and engage with it, then it will have been a waste of time and resources to produce. During strategy development, you need to outline how paid, owned and earned media can be leveraged to amplify your content to the right audiences, in the right channels, at the right time
- Measurement, analysis and optimisation – It's important to remember that content marketing is a process and not a project. You must plan what metrics of success you will be measuring, how often you will be measuring and reporting them, and how these insights will be translated back into your content strategy so that you can adapt for success

Thinking and planning

If you're a little overwhelmed by the above list of considerations, remember that the most important thing is that you just get thinking and planning. The time has well and truly come to stop creating content for content's sake, and to start thinking about 'why' and 'how' the content you create will drive measurable business outcomes.

POST 33

Defining the changing role of the advertising agency

Posted 31 May 2013 by Stephan Argent

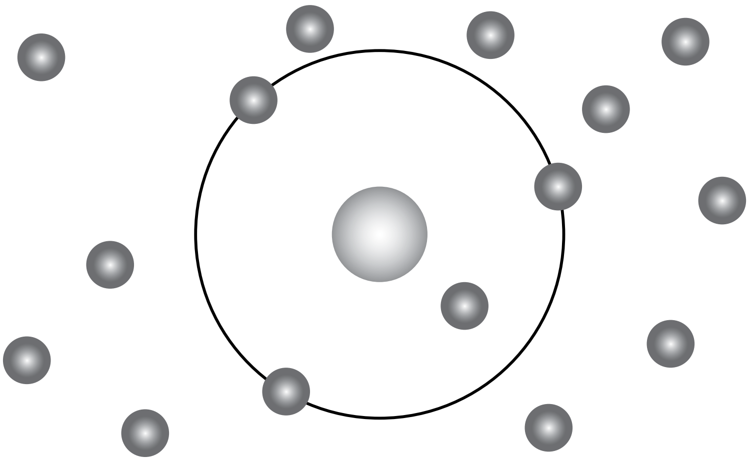
Here's a thorny question for you – What's the role of your advertising agency today?

Depending on the set-up of your internal marketing team, the answer can take many forms. But if you're like most marketers, it will include some (or all) of the following:

- strategy planning and development
- research
- brand and campaign development
- promotions
- advertising production across multiple media
- testing and measurement
- media planning and buying

Even Wikipedia defines the role of the ad agency in very familiar terms: 'a service business dedicated to creating, planning and handling advertising for its clients'.

The reality, however, is that the world is changing and marketers have to rethink why they hire ad agencies and the roles they want them to play in their businesses. Only then will marketers really be able to define the success metrics that matter and partner with the agencies that make the most sense in regards to their individual needs.



Darren Woolley from TrinityP3 summarises the issue like this:

The role of agencies has diversified along with the diversification of the marketing options. In the Mad Men era, the agency was the marketer's partner. They took responsibility for developing strategy, conceiving campaign ideas, executing production and media, and managing the process for the marketer. But now the marketer has many specialist agencies.

It's that diversification of marketing options and possibilities that's at the heart of the challenge facing marketers in their relationships with agencies today. Many marketers still define the role of the ad agency in traditional terms without thinking about how they'll collaborate with the other specialised agencies they've hired to address new opportunities like social media. In many cases, the role of an agency evolves organically rather than being planned and managed, which can lead to stress and frustration on both sides.

Hopefully that's got you thinking. Now here are 10 questions to consider in more clearly defining the role of your agency:

1. Does the agency have a clear understanding of your objectives?
2. Do your internal teams have a clear understanding of the agency's mandate?
3. Has the role of the agency evolved since you hired it as a result of new marketing channels?

4. Have your marketing requirements changed or evolved significantly since you hired your agency?
5. If you have multiple agencies, are the relevant boundaries and responsibilities clearly defined?
6. Are your agencies collaborating or are they working in silos?
7. Are you frustrated that your agency isn't addressing some aspects of your business requirements?
8. Are there challenges or unwelcome surprises around time spent and costs incurred?
9. Are any of your incumbent agency contracts the same as were negotiated more than five years ago?
10. Have your agencies or internal marketing teams changed significantly in the last few years?

Darren Woolley also makes the point that marketers should contemplate all of this throughout the life of the relationship:

> Today, it is the marketer's responsibility to define the role of the agency, not only at the time of establishing the relationship, but on a regular basis as the needs of the marketer change.

Clearly defining the role of your ad agency at the outset of the relationship, and at regular intervals during its term, can save you and your team time, money and, yes, angst. Many of the issues you've faced with your incumbent agencies in recent years could likely have been solved if you and your teams (and your agencies) had shared a clear, up-to-date definition of what the agencies' roles really were.

The benefits of a clear definition include:

- alignment of objectives
- clarity around success metrics
- defined roles and expectations of both marketer and agency
- defined roles among multiple agencies
- improved collaboration between agencies

And yes, likely improved results too.

If you haven't considered the role of your agency recently, ask your teams what they think it should be. Better yet, ask your agency what it thinks its role is. The answers (and the gaps) might surprise you.

POST 34

Please agency, do not thank me when you win a new business pitch

Posted 20 December 2013 by Darren Woolley

Many agency people approach me to join TrinityP3 because they want to be a pitch consultant. They want to get on the other side of the pitch to see how it happens. And it's understandable because, to be honest, when the pitch is complete and the winner is appointed, there is much celebration and jubilation – for everyone, that is, except the unsuccessful agencies.

However, while the CEO of the winning agency will often thank me for the win, I feel disingenuous accepting this. Do not get me wrong – I understand why they are thanking me. But there are several reasons why I am not sure I should be thanked:

- We presented the agency to the client for consideration because it met the client's requirements
- We did not sell the agency but rather presented the information known to us from the industry
- The client chose the agency in the belief it was the best fit for the task at hand

Ultimately, all we did was create an opportunity based on fulfilling the advertiser's needs. It is always up to the agency to win the business.

Let me explain this further, as I believe many agencies and marketers have the wrong idea of what we do as pitch consultants.

Defining the advertiser's requirements

The first step in undertaking an agency review[1] is to understand the reason for the review and to articulate what a successful outcome would look like in the minds of the marketers and advertisers.

The purpose of the review is important. In some cases we have talked an advertiser out of undertaking one because its reasoning did not justify the investment of time and the disruption the process would inflict on the marketing team and the industry, not when more effective and less disruptive solutions were available and had not been considered.

Defining the successful outcome determines the parameters of the marketer's requirements of an agency, including capabilities, chemistry/culture and creativity, as well as more practical but no less important attributes such as size, location and place in the roster structure and strategy.

Matching agency attributes to the advertiser's needs

The next step is to use our agency register[2] and the industry knowledge we have to filter the available agencies against these requirements, so as to provide an overview of suitable agencies that can deliver the marketer's needs. This forms the long list.

We then review the long list with the marketer, providing it with details of the individual agencies and an independent and informed assessment in regards to how well they best fit the requirements of the brief. We also answer questions that the marketer may have – if the answer is unknown, we will confidentially approach the agency to obtain the answer. This is especially sensitive when conflicting business is at issue. From this discussion, the marketer selects an invitation list of agencies, usually between 4–6 but sometimes more – it depends on the range of capabilities required.

This filtering, even at this early stage, can be difficult for marketers, as the decision-making process is focused on eliminating options. Marketers are rightly concerned that they ensure they have determined the best options from those presented. The role of the consultant here is not to make the choice, but to provide information, insights and guidance throughout the decision-making process.

Managing a fair process that lets all agencies be their best

People talk about an even playing field, but often procurement will design and manage a very inflexible process in the belief that it creates this

1 trinityp3.com/agency-search-selection
2 trinityp3.com/agency-register

outcome. In the words of Albert Einstein: 'If you judge a fish by its ability to climb a tree, it will live its whole life believing that it is stupid'.

The process must allow the marketers to identify and assess the agencies in regards to the requirements that are defined in the brief. The 4Cs of capabilities, chemistry, creativity and commercial considerations must all be presented and reviewed in a way that allows the most rigorous evaluation and at the same time is fair to all parties concerned.

A successful outcome will see both the marketers and the agencies feeling positive about the process and the outcome. Again, on a personal level, it is a matter of some pride that we have consistently received positive reports from agencies – successful and unsuccessful – on the process we run.

Letting the advertiser make its own decision

In every pitch, there comes a time when a marketer or advertiser will ask us: Which agency would you choose/select/appoint?

The answer, with tongue firmly out-of-cheek, is always: We do not have to live with the agency – you do.

The consequence of the choice does not impact on the consultant, beyond the marketer making a choice that delivers the desired outcome. Therefore, the process has to focus on the success criteria defined in the briefing process and then guide the marketer through the various agencies' performances and undertakings, allowing it to concentrate on making an informed and reasoned choice.

This decision-making process is supported by fact, emotion and instinct. The role of the consultant is simply to facilitate the process leading to the decision, based on the information and observations of the pitch. It should never be to make the decision for the marketer or advertiser.

A successful outcome for the consultant

As a consultant, it is important to not become attached to the outcome, to not have a desire for any particular agency to succeed. Instead, the successful outcome is to have a client that is completely comfortable with its decision, by ensuring this decision best fits the client's needs.

The industry concept of the 'best agency' is incorrect when it comes to pitches. Instead, the successful outcome is the 'best-fit agency'. Often, the industry-lauded agencies are not the best fit for a particular client. This is not because the client is making the wrong choice but because its criteria is specific and different to the general criteria set by industry awards.

My personal measure of success is when the final decision is a difficult one because all of the agencies meet the client's requirements. Preparing a list and managing a process that gives the client a plethora of excellent options is what we are engaged to achieve. Therefore, while the decision-making can be torture for the agencies awaiting the outcome, it is potentially a sign of a very tight race.

An important afterthought

Anyone undertaking the management of a pitch or tender of any type should remember that for every winner there is always a number of losers. You can say to yourself that it is just business, but the fact is that you are dealing with people and that makes it personal.

The ultimate outcome is that all participating parties feel that they have had a fair and equitable hearing, that their professionalism and goodwill have been respected, and that they have been acknowledged for their time and efforts.

To this last point, there should be an open and honest feedback process that provides each agency with an understanding of its performance, including tangible evidence and advice. It is the least you can do to repay the commitment the agency has made in participating in your process.

POST 35

Why your PR agency could be inviting a Google penalty

Posted 11 September 2013 by Mike Morgan

There has been a lot of talk recently about how SEO and PR are moving closer together, and how the collaboration between these traditionally separate elements is becoming increasingly important[1].

Over the past few years, SEO has become much more than a technical compliance and optimisation process for websites. With the rise and rise of content-driven marketing, storytelling and high-quality, in-depth content[2] are now the foundations of an effective web presence. Content must be sharable, comprehensive, well researched, correctly optimised and structured, entertaining and/or informative, and it must be promoted across all available channels, from social media to direct marketing.

Content creation has traditionally fallen to PR to manage, and what is produced for offline purposes is also used online in many cases. As the technical needs of search engines have become entwined with this process, there is now a need for PR to factor in optimisation to maximise effectiveness.

What is driving this collaborative relationship?

Google is driving this shift through a large number of changes to its algorithm to enforce what it has been saying for a number of years. To paraphrase it, that is basically: 'Create great content – content that people will find value in, content that people will reference by linking to it,

1 searchenginewatch.com/article/2232614/10-Reasons-Why-Public-Relations-is-a-Must-do-for-SEO-in-2013
2 copyblogger.com/in-depth-article-ranking

content that is popular on social media sites, content that is unique and which brings new insights to the web'.

Google has also been warning webmasters and SEOs for quite some time about using 'unnatural' practices that could be seen as manipulating the SERPs (search engine results pages). Unnatural links are those that Google judges would not occur unless a person involved with the receiving website has intentionally placed them on another site with the express intention of passing PageRank.

In fact, Google has really hit this one hard over the past 18 months with two of the most important ever changes to how search works, changes that have penalised non-compliant tactics that are implemented to gain better search positions – the Panda update and the Penguin update[3]. The Penguin update has certainly uncovered a large number of sites that have been using borderline or even black-hat tactics, which has been painful for the sites involved – recovery from a Penguin penalty involves a long and arduous process, one that you do not want to experience. I gave a warning about high-risk SEO strategies in a previous post[4].

Google has identified and set its sights on a number of targets:

- link farms
- content farms
- paid links
- blog networks
- webspam
- sites with thin content
- overuse of anchor text
- links from poor-quality sites
- unnatural link profiles
- and this recent addition – links that do not look like they are editorial or earned

How do these changes at Google affect PR?

Unfortunately, it seems that many in PR do not stay up-to-date with Google's frantic pace of change. Then again, Google makes over 500 changes to its algorithm every year, and it would be unrealistic to expect every PR agency to analyse each change and test for its effects. The ideal situation is for the relationship with SEO to become more than content-optimisation advice. It should become a partnership whereby any major shifts in search are discussed and adjustments are made to strategy.

3 marketingland.com/2013-the-year-in-google-seo-so-far-52147
4 trinityp3.com/2013/06/agency-seo-strategies

This is where the disconnect is at present. Within a number of organisations, PR and SEO are still operating in silos, and the danger this presents can be substantial.

For example, there are two major changes to search that should have been widely discussed in PR circles. However, I am surprised to see that both of these are completely off PR's radar.

The serious danger of advertorials

Let's start with a very commonly used PR strategy. This one falls into two of Google's target categories – paid links and unnatural links.

Back in February, Interflora in the UK realised that its website had completely disappeared from Google. This set off a dramatic chain of events, and much speculation within SEO circles about what had happened. Google remained quiet about why Interflora had received this big penalty, so it was left to the company and SEOs to analyse the link profile and any other data to find the trigger.

Google is definitely not averse to making an example of a big brand like this, as evidenced by the JC Penney penalty in 2011[5]. Google's search quality team has even penalised and removed Google Chrome[6] from search for the phrase 'browser' for breaching guidelines (I'll bet there were a few very strained encounters in the Google cafe that day!). The penalty dropped Google Chrome from position 2 to around position 50 for 60 days!

So, what exactly did Interflora do wrong to attract the wrath of Matt Cutts[7] and his department?

In the end, what came out was that Interflora's PR team (probably with a bit of misguided help from SEOs) had paid for a large number of advertorials in approximately 150 UK news publications[8]. Because of the sudden increase in exact-match anchors from online news sites, this flagged to Google that something was awry. It did not take them very long to work out that Interflora was in breach of the 'paid links' guideline, and so a penalty was enacted.

Interflora would have received a notification of the manual action through Webmaster Tools, and I'm sure there would not have been any sleep going on in that company for the next few days. Although this was post–Valentine's Day, Mother's Day was approaching and online sales

5 econsultancy.com/blog/7568-jc-penney-shows-us-how-to-recover-from-a-google-penalty
6 techcrunch.com/2012/01/04/google-chrome-pagerank
7 mattcutts.com/blog
8 davidnaylor.co.uk/interflora-what-really-happened.html

would have flatlined. Interflora had paid a substantial sum of money for its advertorials, but it ultimately paid a much higher price than it had anticipated.

The company immediately swung into action and contacted every site that carried an advertorial and asked for its immediate removal. After some frantic damage control, Interflora's request to Google for reconsideration was granted and it was returned to search after 11 days, albeit it was well below its previous search positions.

Not so fortunate were the UK sites that had run the advertorials. Every one of them had its PageRank lowered to zero or at least substantially diminished. The repercussions in terms of advertising revenue drops for these sites must have been enormous. Even today, the *Border Telegraph*, which previously had a PageRank of 6, has only recovered to 4.

This was a very strong message from Google about paid links, which Matt Cutts followed up with this tweet:

Matt Cutts @mattcutts 2hr
Reminder. Google's guidelines on paid links that pass PageRank also apply to "advertorial" pages. See goo.gl/PhwsY for more info.
Expand

He also released a video[9] which explained why Google had begun penalising advertorials.

How do you avoid a penalty for advertorials?

If you are paying for advertorials, they cannot pass any PageRank to your site. They are fine for driving visitors to your site, so you don't need to remove the links. However, the way the links are managed is critical. You MUST add what is known as a 'nofollow' attribute to the link. This is a piece of extra code in the link that looks like this:

rel='nofollow'

What this does is tell the search engines that the link should only be followed by humans and that search engines should not pass any PageRank to the recipient site.

To make certain that you are not inviting a penalty, you should also only link your brand name. You can hyperlink 'Interflora', for instance, but I would not recommend hyperlinking a keyword like 'Mother's Day flowers'.

9 marketingland.com/2013-the-year-in-google-seo-so-far-52147

If the site offering the spot does not know about nofollow, then I would avoid placing content there. The risks are too great.

Ask your PR people whether they are using the nofollow attribute on advertorial links, and if not, ensure that this change to policy is made.

Can press releases get your website penalised?

In a word – Yes! This is a relatively recent Google policy shift and it has caused quite a stir in PR circles.

Press releases have been a staple of PR for many years. They are designed to announce company news and are a great way of attracting the attention of journalists and other influential people, and of prompting them to spread the good word. So why the sudden drop in trust?

There are a couple of reasons. The first is the proliferation of low-quality press release sites which fall into the 'content farm' category, much like the article directories Google hammered a couple of years ago. When Penguin destroyed a number of low-quality SEO techniques, many of the poorer SEO agencies began targeting these sites to gain links.

Bad move …

The second reason relates to the unnatural links category (and probably to paid links as well). If your PR people pay a 'quality' press release site for a featured press release and the hyperlink is on a targeted keyword, then you are breaching the guidelines. Google's webmaster support describes these as 'link schemes'[10]. Although the example used is at the spammier end of things, Google's John Mueller is very clear in his advice: 'Links in press releases are unnatural and should be nofollowed'[11].

Can you still use press releases or has Google just killed them off?

Yes, you can still use press releases, as long as they are published for the right reasons. Again, the nofollow attribute needs to be used and you should only link from your brand name or website address.

Treat press releases as a means of gaining the attention of journalists and to make announcements about your company, but do not expect any SEO benefits from them. Think about where you will gain the most valuable exposure – trade press, news sites, relevant blogs – and only approach these sites when you have a story that is really newsworthy and that the site's audience is likely to gain value from. Steer clear of spammy, auto-approval press release sites and avoid paying extra for exact-match, keyword-driven hyperlinks.

10 support.google.com/webmasters/answer/66356?hl=en
11 seroundtable.com/google-press-releases-nofollow-17151.html

Future-proofing PR

Google will continue to implement changes to how it orders its search results, in an effort to stay one step ahead of the people who want to hack their way to higher page positions for short-term gain. Unfortunately, every time Google eliminates one of these commonly used practices, there is a fair bit of collateral damage. But it's Google's sandpit and it gets to make the rules. We just have to be agile in our approach to adhere to the ever-changing guidelines.

PR is going to have to get used to the fact that the game has changed. What worked a few years ago may now have devastating consequences for a business.

The only way to successfully future-proof is to pay attention to what is going on in SEO circles. This may involve a closer, more collaborative relationship between PR and the SEO agency, or if SEO is in-house, then regular discussion about changes in search that may affect strategy must become a priority, likewise the elimination of silos.

The outcome of this closer relationship will bring a number of other benefits. Content strategy and social promotion will be informed by technical compliance, and important aspects like presentation of content and visibility will be greatly improved.

Is it time your PR people began talking to SEO?

POST 36

The damage caused by poorly managed RFPs

Posted 2 July 2014 by Darren Woolley

Many agencies are surprised to hear that TrinityP3 has to tender for projects, especially with our bigger global and regional clients. That's right. We have to fill out endless requests for proposal (RFPs) to win projects that are often worth 1% of what the agency contract is worth that we are benchmarking.

Many of the agencies often crack the joke, 'You mean there are no pitch consultants for the pitch consultants?' The answer to that is an emphatic NO!

We invariably respond to an RFP from a procurement team – the same team that often feels that we are not needed because it could provide the same services we are offering, and therefore we are resented for even tendering; or a procurement team that is more comfortable tendering for commodities, utilities and direct materials than it is managing a tender for professional services.

Don't get me wrong. We love the opportunity to tender for business– but only when it is the right business. We ask questions before we agree to tender and if we don't get the right answers, or if we get the wrong ones, then we will think long and hard before participating. Basically, we practise what we preach to agencies.

I now want to share with agencies, and with the procurement teams that ask us to tender, some of the behaviours we feel contribute to damaging the good name of procurement in marketing, and more importantly to damaging the professional reputations of the people who behave this way.

So here they are, in no particular order.

1. Why are you inviting us to tender?

If you are going to invite us to tender for your business, at least give us a reason for why you are doing so. I have had numerous procurement people refuse to answer the above question because it is 'outside their corporate guidelines'. But I have had just as many who have answered it, only for us to realise they do not understand what we do or our expertise. In one case, this involved a company that wanted us to benchmark procurement practice, and not even marketing procurement practice.

2. How many companies are you asking to tender?

Let us know how many companies you are asking to tender. Again, this appears to be difficult for many procurement people. But we need to know so we can determine if this is a process we want to invest our time and effort in.

If you are asking every man and his dog, it is likely just a fishing expedition and we have better things to do. If it is three or four, then you have clearly done some homework and we have at a minimum a 25–33% chance of being successful.

3. Are you willing to share the process?

Be willing to share the process with us. Is it an RFP only or will there be interviews or meetings? Will there be rounds where you short-list? How long do you expect the process to take?

Most importantly, STICK TO IT. At the very least, if you cannot do this and the process becomes protracted, do not disappear for weeks on end, not returning emails or phone calls, because that is simply rude. We had the decency to work to your deadlines and comply with your requests, so why are you unable to comply with a reasonable request for an update?

4. Who are the decision-making stakeholders?

Tell us who the decision-making stakeholders are and if we will get to meet them. This is a very reasonable request, but many procurement people running an RFP appear to have a real issue with this.

Let me tell you why we need to know: because I am personally tired of responding to RFPs run by procurement only to discover later (and I always find out) that the decision-making stakeholders (being marketing, who will end up paying for this) were never engaged and never agreed to the RFP requirements, which is why a decision was never made and the project never awarded.

5. Can you provide an indication of the scope of the project?

As part of the RFP, please provide an indication of the scope of the project and the budgetary considerations. After all, the whole idea of the RFP process is to get the lowest possible cost – sorry, I meant the best possible solution.

I recently went through a regional RFP process that dragged on for more than six months. The scope was almost 15 marketers across APAC, with multiple brands and multiple agencies in each market. We provided a number of possible costed solutions which were very competitive, because we were aware of the competitive nature of the RFP process and thought we could definitely assist this global marketer across the region.

The follow-up was that we were asked to cut the proposal many more ways, clearly in an effort to get us to lower the price of the project. In the end, we were told that the cost was way too high and if we could do it for just 10% of the original price we could have the project.

No thanks. And we will be unlikely to tender for your business again if that same person is leading the project.

6. Are your RFP requirements commensurate with the size of the project?

Is it possible to make your RFP requirements commensurate with the size of the project? I have had 20-page RFPs for a $500,000 project and I have had 120-page RFPs for a $30,000 project. The amount of risk in a project is usually commensurate with the level of investment. Therefore, it makes sense that the amount of information you require from me to mitigate the risk is likewise commensurate.

Government RFPs, across the region, are usually the worst when it comes to this. Bureaucracy runs rampant and all projects seem to be treated as if millions of dollars of public money are at stake. Now while I support due diligence and governance, some measure of reasonableness is important.

7. Can you provide constructive feedback?

Please provide feedback, and we do not mean simply saying we were too expensive. After all, if you told us in the RFP you were looking for the best solution, not the cheapest solution, then price alone is not the issue. It is just a convenient cop-out.

I know it is hard to give negative feedback to anyone, but it can be constructive. If someone has invested time in your RFP, then the least you can do is invest time in providing feedback. And do not do this by email. It is like breaking up with someone by text message.

Here is a suggestion. If you do not like doing this, then invite less people to tender. Therefore, your good news/bad news ratio improves.

8. Will you provide metrics on our RFP scorecards?

It would be better still if you provided us with some metrics on how we scored. We all know that behind every RFP is a scorecard. So what does it hurt, in the spirit of complete transparency, to provide us with our score against each of the criteria and against the average of the highest and lowest score?

This provides a metric, rather than simply vague, subjective feedback. Sure, the scores are subjective, but it is a score. We can then see by how much we were off the winning position, or at least how high or low we ended up against the average.

9. Will you let us know if we are unsuccessful?

Don't simply disappear on us. If we are unsuccessful or it all goes pear-shaped or whatever, let us know. There is nothing worse than participating in a tender process as a supplier and then never hearing the outcome or getting any feedback.

Sure, you have more important things to do and you got caught up in those and the project dragged on and then you moved on and thought the next person would pick it up and they didn't and that is not your fault. But we don't know this, and we don't care about your excuses.

It is unprofessional. It is rude. It is disrespectful. And suppliers have long memories. LinkedIn means that no matter where you go or what job you take next, we will remember you.

10. Are you going to consider us for your next RFP?

Don't forget to consider us for your next RFP. The only thing worse than not winning a tender is not getting a chance to tender in the first place. So if we have the skills, expertise, experience and track record for what you are looking for, please include us. Or better yet, just give us the job.

It's what we do

We are not asking for these just because we like to complain. This is what we do when we manage a tender or pitch for one of our clients.

You see, we respect the agencies and suppliers who participate in our process. All we are asking is for you to do the same. I think that's fair, don't you?

POST 37

Why SLAs are not relevant to marketing services contracts

Posted 24 August 2008 by Darren Woolley

Wikipedia says that a service-level agreement (SLA) is a formally negotiated agreement between two parties, a contract that exists between customers and their service provider, or between service providers. It records the common understanding about services, priorities, responsibilities, guarantees and such – collectively, the level of service. For example, it may specify the availability, serviceability, performance, operation or other attributes of the service.

SLAs were first introduced in the 1980s in the telecommunications industry but are now widespread throughout business. But in our experience, traditional SLA formats are not relevant in advertising and marketing, where the level of service delivery is directly influenced and impacted by the behaviour and actions of the buyer. In these circumstances, we recommend an engagement agreement that defines the requirements of both parties.

Bozidar Spirovski suggests that nine main criteria are required to achieve at least a reasonable, if not a good, SLA[1]:

1. Any SLA is open for negotiation, but only during the initial purchase
2. Define availability as you would expect it
3. Always keep in mind the distinction between reaction time and correction

1 articlesbase.com/strategic-planning-articles/9-important-elements-in-a-service-level-agreement-438294.html

4. Make precise definitions of problem severity levels and tie them in with reaction and correction times
5. Define response times for all levels of severity
6. Define channels of communication and escalation
7. Define the conditions under which the SLA criteria will be applied to a problem
8. Define measurements and reporting
9. Tie in penalties and contract back-out options

The problem with these, however, is that they are all about the buyer setting the level of service required of the supplier. Where this is applied to marketing communications, and especially advertising, usually by procurement, we see response times specified as 'must return calls within two hours' with a '99.9% compliance rate'.

Here is the question: Who is measuring all the response times regarding phone calls between the client and the agency? Furthermore, what is the impact if the agency returns the call after two hours and five seconds? And what if the client does not return the call from the agency for two hours?

These types of SLAs are a joke. I have seen hundreds of SLAs and KPIs that are ridiculous and largely meaningless because they are irrelevant, unmeasurable and a waste of time and effort.

Instead of SLAs, we encourage marketers to develop engagement agreements. Like SLAs, they record the common understanding about services, processes, priorities, responsibilities and expectations – but for both the buyer and the supplier. The actions and behaviour of the buyer in this case directly impact on the performance of the supplier.

POST 38

A digital marketing wake-up call for marketers and their agencies

Posted 11 October 2013 by Stephan Argent

A report that was released last week by Adobe[1] underscores everything I've seen the past few years indicating that many marketers have strong doubts about their abilities in digital.

The report polled 1000 marketing professionals about beliefs and attitudes towards digital marketing and concluded that only one in three think their companies are highly proficient at it. Furthermore, the report stated that just 9% of marketers strongly agree with the statement that they 'know their digital marketing is working' – this against the backdrop that some 60% of marketers expect their companies to invest more in digital marketing this year.

But the jaw-dropper for me is that the report found that just 18% of marketers are turning to their agencies for help. That should be a very loud wake-up call for both marketers and agencies. Marketers need to clearly define their needs and expectations, while agencies need to proactively step up and provide solutions to the challenges marketers are struggling with.

Whether in regards to working with incumbent agencies or searching for new agencies to help define, shape, deliver and measure digital strategies, the report provides strong clues as to what marketers should be looking for and what agencies should be focusing on. In my view, these can be defined as follows.

1 enhancedonlinenews.com/portal/site/eon/permalink/?ndmViewId=news_view&newsId=20130923005535&newsLang=en&permalinkExtra=Adobe/Study/Digital

Marketers

1. Insist on some form of ROI calculation – or at least a rationalised guess – in regards to all your digital marketing initiatives. If something's presented that doesn't have any form of ROI calculation, it should be rejected until it does
2. Open the door to, and set aside time for, thought-leadership from your agencies. Challenge them and make it clear you expect them to help you keep your teams updated about new opportunities, technologies and solutions
3. Create a defined, collaborative structure within your agency roster to enable strategies, ideas and solutions to be integrated across multiple media channels
4. Proactively set aside money for responsible experimentation and take some measured risk to help your organisation learn how digital solutions can drive business
5. Reward agencies appropriately by evaluating them across multiple metrics, including collaboration, delivery and measurable results. Bonus those attributes based on a clear assessment of performance

Agencies

1. Instil an ROI mentality in all your resources. Everyone who touches digital should understand that what they're doing has to generate results for your clients. The Adobe report found that 83% of marketers feel that ROI is either somewhat or extremely important – and they expect it to be more important next year
2. Be honest and transparent about what's working and what's not, and proactively drive strategic or executional change
3. Demonstrate that your digital initiatives will work in conjunction with other offline communications initiatives and how effective these solutions will be regarding respective audiences
4. Help keep your clients current by sharing thought-leadership through blogs, white papers or digital lunch 'n' learns – whatever works for your clients
5. Create flexible agency teams that best meet your clients' organisational requirements and limitations. Be receptive to your clients' needs by providing the resources that best marry up with their needs

A golden opportunity

According to the Adobe report, some 66 per cent of marketers think companies won't succeed unless they have a successful digital marketing approach. That's a golden opportunity for both marketers and agencies to help each other maximise their respective digital proficiencies.

How can you help your agencies create better digital solutions for your business, and how will your agencies help their clients improve their digital footprint?

POST 39

Five ways agencies can bamboozle procurement about their compensation

Posted 27 June 2014 by Darren Woolley

Recently, we have had a succession of jobs where we have been engaged to assist in sorting out the incumbent agency remuneration[1] following deals done by some of our competitors, the procurement team or even the marketers themselves. In each case the agency was rightly making a good profit, but the marketers had a feeling that the agency was more expensive than previous arrangements, even though they had been told that the new deal was actually better value (read lower cost) than before.

So how can an agency remuneration deal be good value for the advertiser and yet still be delivering the agency a very healthy profit? Well, I could just outline the mistakes that have been made here, but I prefer to be more positive. So rather than talking about what not to do as a marketer or procurement professional, let's look at this from the agency's point of view.

Here are five ways in which agencies can appear to be offering a better deal while actually maintaining or improving their margin.

1. Focus on the multiple

We recently helped a client who had traditionally worked for many years with one of our competitors. The feeling was that it had a great deal,

1 trinityp3.com/2013/11/agency-remuneration-benchmarking

because it had a very low overhead and profit multiple on the agency's direct salary costs. And it did. At 1.6 times, it was ridiculously low – certainly the lowest we had ever seen for this particular agency.

But overhead is just one of the variables that deliver agency profit. The issue was that the agency had very high salary rates, meaning either its staff were being paid very well or the agency was declaring a higher-than-normal salary rate and taking the margin between the declared and the actual as profit. Clearly the client had not heard of our Ad Cost Checker[2], which could have been used to benchmark where the rates sat compared with the market.

The agency retainer was also very high in regards to the number of full-time equivalent (FTE) staff. For the scope of work that the agency was undertaking, we calculated that the level of resourcing under retainer was almost double the benchmark level.

Clearly this was either a most inefficient agency relationship or no-one had determined the correct level of resourcing. Of course, the agency timesheets each year added up to the retainer FTE level[3], plus enough over to justify the retainer.

The problem is that many people fall for the trap of negotiating one variable, such as the overhead and profit multiple, and miss the other variables. This is an opportunity for an agency to protect its margin.

2. Add indirect resources to the retainer

A retainer includes the direct resource salary costs – the resources that are directly billable to the client for the scope of work. This means that those people working in the agency who are not directly billable have their salaries recovered in the overhead. That is, they become an overhead contribution. This may include accounts and finance people, clerical and administrative support staff, some senior management and some production resources.

If you can get a benchmark rate for the overhead and profit multiple, the next step is to include as many of these resource overhead costs in the retainer and effectively double-bill them.

One terrific excuse I recently heard was that two accounts FTEs were needed because the client generated too many invoices. I love this. The client is giving the agency so much business it needs to charge extra for the accounts staff; in fact, not just extra, but effectively almost double as it was already paying for these staff in the overhead.

2 adcostchecker.com
3 See the post titled 'The hidden flaws in agency timesheets and retainers' on page 97 of this book.

While I believe it is important to have some of the agency CEO or managing director's time in the retainer, increasing the level of senior management in the retainer without a corresponding decrease in the overhead multiple can yield some tremendous increases in the agency margin.

3. Skew the mix of resources

If the advertiser's procurement team is using average cost per FTE – that is, when you divide the total cost by the number of FTEs – you can skew the mix of resources to provide more resources at a lower cost. Mind you, they are less-experienced and cheaper resources, but often in the calculation of average cost per FTE this is overlooked.

We reviewed an agency remuneration model for a major client and found that in applying a seniority mix analysis, the agency had more than 80% of the account management resource at middle level or lower. The senior resources were also at the lower end of cost. When we pointed this out, the procurement team told us the agency had the lowest cost per FTE of any of the agencies in the pitch.

Why were we asked to review the agency remuneration? Because the marketing team felt the agency did not deliver the strategic thinking it required. Sure, there were plenty of sources to manage the volume of work, but no serious strategic thinking was happening here because the agency had resourced the account to win on price.

4. Change the billable hours

This can be a bit confusing, which is why it's a great way to baffle the opposition in the negotiation process. The lower the number of billable hours, the higher the hourly rate required to recover the salary, overhead and profit margin. The higher the number of billable hours, the lower the hourly rate required to recover the salary cost.

Salary	$100,000	$100,000	$100,000
Billable hours	1540	1650	1840
Multiple	2.4	2.4	2.4
Hourly rate	$156	$145	$130

Imagine that you calculate the rate based on the 1540 billable hours a year but apply this to 1840 annual billable hours. This means that on this $100,000 resource alone, you can bill an additional $47,840 per year; i.e. 1840 × ($156 − $130). Not a bad return on investment. And most procurement people want to increase the number of billable hours per year because they see this as additional resource at no additional cost.

5. Avoid dedicated resources

The number of billable hours is often confusing. But a dedicated resource is a dedicated resource, in that 100% of that resource is covered if they work 1650 hours, 1840 hours or more, and at no additional cost to the retainer as there is no additional cost to the agency. Agencies do not pay overtime to salaried staff, though they do pay overtime to some freelancers.

But if you have a retainer that is composed of partial resources, with 20% here and 30% there, it provides the agency with a huge opportunity to multiple-bill resources across a number of clients, maximising the cost recovery of those resources and increasing the profit margin on each resource.

Imagine if you are able to bill an account management resource for 150% of their time across three or four retainers. It is next to impossible to prove, unless the resource is never available to one of more of the clients retaining them, in which case they may get suspicious.

Helping agencies? Helping advertisers

We know that some agencies use some or many of these techniques because we actively go looking for them when we undertake an agency remuneration assessment. We also know that they are often overlooked by procurement and our competitors, most likely because they are unaware of the process.

If you are an agency, these are ways to generate increased revenue, resource cost recovery and ultimately profit margin. However, they are also quick ways to destroy trust and damage a relationship if you are found out.

POST 40

Agency remuneration – the alarming race to zero

Posted 23 September 2013 by Stephan Argent

Campaign magazine ran a disturbing article last week that talked about the British Government's e-auction process for its prestigious creative roster[1]. According to the article, there were eight hours of unprecedented bidding as agencies cut their prices because they saw themselves dropping in the rankings and potentially being eliminated from the process. Despite the system crashing and a vocal chorus of dissatisfaction, however, the British Government is standing firm and its media buying account is set to follow the same process.

This, in my view, is alarming – and it should be alarming for marketers and agencies too. While I'm all for marketers getting the best possible value from their agencies, a myopic process like this is just plain daft.

What's missing is the basic principle that price is what you pay – value is what you get[2]. Any approach that solely contemplates price, without regard for the value that's attached to it, is setting everyone up for failure.

Here are five reasons why.

1. The lowest price doesn't equal the best value

In fact, in many cases the concept can deliver the exact opposite, because even a lowest price has a cost – usually in terms of quality.

1 campaignlive.co.uk/analysis/1211328/is-gps-review-fit-purpose
2 gurufocus.com/news/115975/price-is-what-you-pay-value-is-what-you-get-what-warren-buffett-really-meant-the-principles-of-valuation-historical-proofs--part-1

2. Sooner or later, the agency will cut corners

Why? Because they have to. No service (or product, for that matter) can consistently be delivered while incurring a loss for those providing it. Sooner or later the agency has to address the problem, either by raising prices or by reducing services by cutting resources.

3. It's the fastest way to creating agency conflict

Whether it will be the agency complaining to the marketer that it's losing money, or the marketer complaining that it's not being serviced properly, is anyone's guess. What's certain is that agency conflict will result from low-ball bidding to secure a client's business.

4. Business will suffer

Business is going to suffer on both sides of the marketing equation because no-one's getting fair value. Agencies won't be seeing value for the work they're doing and marketers won't be getting the value they're expecting.

5. It's not good business

Everyone deserves to make a fair profit for the services or products they provide for their customers. Encouraging or participating in a race to zero for agency services is ultimately going to diminish the value of the agency business. For everyone.

Regarding what was described in *Campaign*, you might be tempted to argue that holding an e-auction is in the best interests of the taxpayer and that it's a good thing to drive costs down like this.

Hooey. It's in the interests of everyone (and we're all taxpayers) to seek the best *sustainable* value.

The process to uncover value shouldn't involve a myopic look at the cheapest rate card, lowest blended rate or smallest fee. It should be a considered analysis that looks at the marketer's requirements and how agencies propose to charge to deliver against those requirements. Looking at costs against scope provides much deeper insight into how agencies plan to deliver, at the same time smoking out unsustainable business proposals – which is exactly what this kind of e-auction will likely end up attracting.

POST 41

How procurement grades marketing expenditure strategically

Posted 25 October 2013 by 'The Buyer'

Many of those beavering away in corporate marketing departments, as well as in agencies, will have noticed the inexorable rise of professional procurement[1]. According to the most recent national Census, held in August 2011, procurement has become the fastest-growing profession in Australia – and probably throughout the business world as well.

Many on the agency side of the marketing profession have already felt the rise of procurement and its direct consequences. And many corporate marketers have also experienced the input of their colleagues from the procurement side[2].

It is fairly typical to find most major companies spending between 30% and 70% of their revenues on third-party goods and services – in other words, on their supplies. How that spend is redeployed back into the marketplace is a strategic choice. Saving just a few percentage points on this aggregate expenditure can save millions on the bottom line, and (when multiplied by the average EPS ratio of 12 times earnings) can add real value to market capitalisation. In fact, in terms of delivering the same increase in the value of the firm, it's much easier than growing revenues.

Procurement purchases everything from stationery to raw materials, from IT kit to, well, yes, marketing services. And the searchlight of procurement attention is inexorably sweeping around to marketing

1 trinityp3.com/2013/08/marketing-problems-procurement-opportunities
2 trinityp3.com/2013/07/marketers-procurement-advertising-agencies

expenditure. But why, just to save a few shekels? Well yes, partly. But it's also to challenge the might of large marketing budgets and the often sloppy process via which marketing spend is deployed.

As a vast area of investment for many companies, which have for so long wondered aloud at its efficacy (never mind its effectiveness), the marketing budget is at last being gradually brought to account. Often it is the CEO or CFO who commissions the spend analysis. Which half of our marketing spend is wasted? they openly ask. But there are other goals as well.

Most of the ASX100 firms have well-developed, expanding procurement teams. In fact, most of the top 1000 organisations in the country employ some form of professional procurement effort. Yet not all of them are myopically focused on reducing price or even cost. More and more organisations are recognising the potential value that can be extracted from the supply side, and they are also increasingly seeking to manage what, since the GFC, has become the biggest issue in business – *risk*.

The strategic benefits of professional procurement

Anyone remember the Sherrin example[3]? Back in September 2012, the company was outed for using child labourers who stitched footballs for its principal supplier for just 12 cents per hour. Stakeholders in the iconic Aussie brand were outraged, and its brand reputation took a pounding.

Almost unbelievably, the world's largest sports brand, Nike, had a virtually identical experience a decade ago. Yet Sherrin fell into the same trap. Even Apple CEO Tim Cook is taking lessons from Nike on supplier management, after Apple was accused of condoning poor supplier labour practices at Foxconn. And then there was Zara, which found in 2011 that its major supplier was using a number of slaves, and which re-entered the spotlight six months ago, again because of so-called slave labour conditions[4].

Protecting brand reputation is a major driver for procurement teams. Stakeholders such as consumers and shareholders, as well as the board, the boss, the government and the regulators, have a greater conscience today. They want a greater say in the governance of delivery to the consumer. They want a sanitised supply chain, where the greenest, most socially responsible option is used. They also want the best/fastest/cheapest option.

3 abc.net.au/news/2012-09-26/sherrin-reacts-to-use-of-child-labour/4280848
4 telegraph.co.uk/finance/newsbysector/retailandconsumer/9969494/Zara-probed-over-slave-labour-claims.html

The previous Australian federal government wanted people to buy cheap, buy local, buy Indigenous, buy from the firms with the most women on their boards, all through their procurement connected policies (PCPs). There were 25 PCPs in total; bizarrely, some were mutually exclusive. They are no longer listed on the Department of Finance website, however, presumably having been quickly abolished after the 7 September election.

But the federal government is no different to any other consumer. We all want a lot from our suppliers. Everybody wants more: our customers want more, we want more, our suppliers want more. The value chain has many mouths to feed. Delivering *more* for *less* is often the standing brief for your average procurement manager.

Nevertheless, procurement is usually asked to deliver a growing list of other benefits for organisations too. The peak body for procurement in Australia, the Chartered Institute of Purchasing & Supply[5], published a list of eight new 'strategic' benefits of professional procurement input in October 2012:

1. a certain cost base
2. secured supply lines, with improved time to serve
3. responsible and sustainable supply solutions
4. goals aligned with policy
5. driving beyond compliance
6. brand reputation protected
7. added value commercially
8. competitive advantage

CMOs will find it more and more difficult to successfully defend their turf (their budget) from the advances of professional procurement efforts, because they represent the interests of the organisation, its governance, the consumer and the supply chain. It's a powerful set of stakeholders.

Enlightened organisations have recognised that real and lasting savings are available on the supply side, together with a widening range of other potential benefits. And now that much of the less-strategic expenditure lines within organisations have been addressed, it is the turn of the marketing budget, which is, ultimately, no exception.

The Australian Association of National Advertisers is even establishing a new Marketing Procurement Forum – with help and support from the TrinityP3 bloggers – where marketers and procurement professionals can meet in a neutral environment to share their understanding and experiences, and to network.

5 cips.org/en-au

How to prioritise expenditure strategically

So how do they do it, these procurement people? Where do they start?

Modern strategic procurement work was founded in 1983 by Peter Kraljic, a Polish economist at McKinsey. His work moved procurement from the commercial agenda to the proactive strategic agenda. Kraljic established the idea that all spend by the company could be rated most accurately by risk vs profit impact, and mapped onto a two-by-two model:

KRALJIC'S SUPPLY MATRIX

Supply Risk	Low Profit Impact	High Profit Impact
High	**Bottleneck items** • Ensure supply	**Strategic items** • Form partnerships
Low	**Non-critical items** • Simplify and automate	**Leverage items** • Exploit purchasing power and minimise cost

Source: Adapted from Peter Kraljic, 'Purchasing must become supply management', *Harvard Business Review*, 1983

This matrix measures risk against profit impact, or better still, *expenditure*. Each quadrant tells a story.

High risk and high spend items which a customer buys are the most important – the strategic items. They are vital to the company and its prospects. Without the supply line, its own business would be threatened. Suppliers of raw materials often fit into this box.

The best example might be beef for McDonald's. Imagine Macca's without beef. 'Fillet-o-fish burger sir?' This is where the procurement team wants to secure supply, build strategic partnerships and innovate together.

It is hard to think of a marketing supplier that would truly fit into this box. A major agency perhaps, with ongoing creative being used repeatedly, ad infinitum, as the core message of a leading brand such as Qantas?

The bottom right-hand box on our spend matrix is *high spend* but *low risk* – the leveraged items. This area is where spend is high but risk to the business is low.

A good example is IT hardware. Large firms spend a lot on laptops and PCs. But the actual model, spec or brand doesn't matter so much. If you buy Dell and they don't supply, it's easy to call up an alternative supplier and buy elsewhere quickly without damaging your business.

The aim in this box is to leverage your spend – to always get the best deal, play the market and effectively commoditise the supply line. Most marketing agencies would fit into this category – *high spend*, but hardly unique.

The bottom left-hand box is the carefree one. *Low spend* and *low risk* are the non-critical items you buy. Usually, this area includes all the low-value consumables, the indirect spend which does not affect how you do business. But it is expenditure every business incurs. It is the cost of being in business, not the cost of doing business.

The best example is the office stationery. Who cares that the cupboard is a bit light on pencils? If you run out and your supplier has nil stock, just buy from elsewhere.

The buyer's job in this box is not to build strategic relationships with your supplier, nor really to play the market, but rather to do the job *once* and get a result. In stationery, for example, that means a quick deal with one of the major suppliers like Corporate Express (Staples) or COS or OfficeMax. Get the corporate 67% discount with same-day delivery and an online ordering code, and move on to more important things. If they don't deliver and it is that urgent, send the office junior down to Officeworks.

A marketing example might be the corporate merchandise supplier. The supplier of the corporate logo pens is dead. Never mind. Get someone else to do it, eh?

The interesting box is the top left-hand one – the *high risk* but *low spend* box. This is where the bottlenecks can be created, where the entire operation can be compromised for want of a widget. Jet engines, for example, need a tiny carbon washer worth 20 cents to operate properly and efficiently. Take the little washer away and you compromise the $40m wonder of physics that is the jet-propulsion engine implementing Newton's laws of motion.

This area of expenditure makes production lines vulnerable. The Ford mantra of 'Don't stop the line' was invented to describe the materials purchased that were low cost but high risk to production.

The objective in this box is to *secure* supply no matter what, to ensure that the line doesn't stop and bottlenecks do not happen. You buy a million

20-cent washers and fill a room next to the production line with them.

So what is the marketing equivalent of such tricky spend today? Might it be the supplier with Granny's secret formula? Or the supplier with the magic know-how? Or your digital agency? The ones that have learnt your corporate memory for you? The ones that make click-throughs happen, get tweets retweeted or maximise likes? This is the supplier you don't want to stop, the one you don't want to lose, the one you pay more to, not less.

Managing expenditure

How procurement approach a supplier depends upon the strategic objective. Is it to secure supply first, then leverage the market? Or is it perhaps to just get a quick deal, or maybe to build a strategic relationship with a true business partner?

Direct spend lines such as raw materials, or tricky widgets to feed a production line, anything in fact for resale, usually fit into the top half of the Kraljic matrix. These direct areas of spend need careful management and secure supply lines. The most important demand strong strategic relationships and the benefits they bring, like innovation.

But buying marketing services is often not so different from buying other categories of *indirect* spend. There are 14 major categories of indirect spend, ranging from stationery to utilities, fuel to travel, office furniture to, well, marketing services. Every business has to buy these things to function. They are a cost of doing business. They are often in the bottom half of the Kraljic matrix, so minimising their costs builds profitability and raises competitive advantage.

Ensuring a fast service level and security of supply in the bottom half of our matrix also reduces 'corporate noise' – it stops people derailing strategic procurement efforts for want of filling the stationery cupboard today, or demanding that their brother-in-law gets to bid as he could surely do a better deal (honestly).

The trick for marketing is to ensure that it is managing the segments of its spend in the most appropriate way, the way that the strategy demands. It must honestly appraise supply lines strategically, so that expenditure can be best managed in the widest interests of the business.

If CMOs want to protect their favourite suppliers and agencies, they need to be mapped into the top half of the Kraljic matrix first – and for good reason, not just because you like their stuff.

POST 42

10 key considerations when decoupling your television advertising production

Posted 16 December 2013 by Darren Woolley

This post is not about whether you should or should not decouple your television advertising production, which is a topic I have covered previously[1]. Rather, it concerns what you need to consider to ensure success once you have already made that decision.

Decoupling or unbundling is not new[2]. In the UK and mainland Europe, this has been a strategy for the past 10 to 15 years, though it has been less commonly practised in the US. The advantage for those that are now undergoing this process is that we can learn from the experience in these markets.

The decoupling process can be a highly emotional one for agencies, production companies and post-production companies. This is because it requires all parties to undergo changes in process, influence and responsibilities. And despite being the 'creative' end of the agency process, the resistance to structural and process innovation is high.

So how do you minimise the disruptive effects of change on the creative and production resources within your supply chain?

1. Requires senior marketing stakeholder support throughout

Make no mistake – this is a cultural change for all stakeholders. This process is going to disrupt the current prevailing culture and existing

1 trinityp3.com/2013/03/creative-agencies-production-process
2 trinityp3.com/2013/06/unbundling-advertising-production

relationships between marketers, agencies, production companies and post-production companies. It will also create new relationships between these stakeholder groups. Therefore, it is important that the decision to undertake this process is made at the highest level and its purpose is maintained and supported throughout the process.

2. Is based on a defined and sustainable financial model

Decoupling is not about cost reduction but about process improvement and economies of scale. Marketers and procurement people that have approached this process simply to reduce costs have usually come unstuck because they have failed to identify where the value is created and delivered in the production process. It is not simply about going to market with a tender to select the lowest supplier cost, but is rather about identifying, aligning and managing the resources required to maximise the value delivered.

3. Has clearly defined objectives, strategy and metrics

As per the previous point, if you are doing this simply to reduce costs, then don't. There are many more-important benefits to be delivered through this process and these must be clearly and deliberately articulated. These include increased efficiency in brand management, greater supplier alignment to brand and increased speed to market.

4. Includes input from the agencies on supplier selection

The relationship between the agency, especially the creative department, and the production industry is an established one. One of the few major decisions creative people make (and I know, as I was a copywriter for 15 years) is the selection of the director they want to work with. Directors and their producers have honed their selling skills on building relationships with creative directors. Understanding this relationship and accommodating this is important.

5. Marketing strategy requirements are clearly understood and accommodated

Marketing strategy requirements are changing with the drive of technology. The move from broadcast to inbound content marketing opportunities requires a different process to market. Therefore, these requirements must not only be identified but quantified to determine their significance in the mix. Understanding not only the current strategic requirements but potential future changes to them will allow you to develop a new model that is sustainable in the medium to longer term.

6. Evaluation criteria is clearly weighted to suit marketing requirements

To reinforce the previous points, the selection criteria should not be set according to who is the cheapest, but to who is able to deliver the quality and scope of requirements. Simply selecting the cheapest suppliers will merely deliver the lowest-quality executions. 'You get what you pay for' should be the mantra. The objective is to ensure you get what you need and still pay for it.

7. Is communicated to all stakeholders at each step of the process

There are a multitude of stakeholders in this process and you should ensure all are engaged and updated throughout. The temptation is to only work with the companies participating in the process. But in fact, the marketing team and the agency are the highest priority. Inevitably, all three must be aware of the process and the progress made from beginning to end.

8. Final supplier selection is based on delivering all of the objectives

We are often asked how many production companies or post-production companies will be selected. The answer is as many as are necessary to deliver all of the requirements of the marketing strategy, and as few as can deliver the maximum benefit. There is no magic number. Those aiming for a singularity of outcome without considering the delivery of the requirements will be sadly disappointed by the inevitable failure of the process.

9. On appointment, all stakeholders understand their roles and responsibilities

As has already been stated, this process results in structural and cultural change for many agencies and production companies, and will potentially cause disruption. To minimise this disruptive effect, it is important that all parties to the new relationship are clear about their roles and responsibilities. This means not just the new production suppliers but also the agencies and the marketing team.

10. Regular reviews are undertaken, on each production and annually

This is not a set-and-forget process. If managed by procurement or a consultant, then the selection of the preferred production providers is just the beginning. At a minimum, you should undertake quarterly or half-yearly reviews, depending on the production volume. Ideally, you should be managing each production to ensure the process is operating effectively for all parties. If changes are required, then changes should be made.

Delivering outcomes

This process is about delivering the desired outcomes. There have been many failures, especially in the markets that pioneered the decoupling process. It is important to learn from these failures to maximise benefit and success.

POST 43

A confession – a strategic marketing consultant finally comes clean

Posted 20 November 2013 by Anton Buchner

So there it is. I've used the C-word. The #1 confession of a consultant in 2013 (drum roll please) is …

(Sorry to use the reality TV format here, but let's take a quick ad break.)

Welcome back. OK, so, the #1 confession of a consultant in 2013 is … I used my mobile phone in the car!

There it is. It might not be earth-shattering for you. But yes, I am guilty of using my mobile phone in my car. Not once, but many times throughout 2013. Just a quick peek while travelling between meetings. Well, it was always while I was stopped at the lights. But that's no excuse.

I was checking a tweet. Checking email. Checking in. Checking the latest Facebook status updates. Checking the latest +1s on G+. Checking my kids' pics on Instagram. Checking a Kik. Checking some pins on Pinterest. Checking stories on LinkedIn.

I was addicted to being always on and getting instant information.

It wasn't good.

And I'm not alone. A Californian study revealed that nearly two-thirds of 30–64-year-olds admitted to using a mobile phone while driving with children in the car, and one-third admitted to texting while driving. In regards to teens, the problem is particularly alarming: 49% of boys and 45% of girls aged 16–18 admitted to texting while driving.

If you look at your phone for just two seconds while driving at 50km/h, you're driving blind for 27 metres. Watch this ad and see if it hits you in the guts.

Have you looked to your left and right lately while driving your car? How many people have you spotted using their mobiles? Worse still, have you spotted cars veering off the road or crossing lanes as their drivers are fiddling with their phones?

I bet you have. And I bet you have probably been guilty of using your phone too. That's because as a country, we're one of the four-fastest adopters of smartphones. Apparently we check our phones over 150 times a day! That's one to two hours of checking every day.

If you only take one thing away from reading this post, make it that you should stop using your mobile in your car! I have, finally.

But apart from the writing of this post being cathartic, I also want to highlight the need to integrate mobility into your marketing activity. I want to do so, however, with a few words of warning, so you don't go off and entice people to increase their usage while driving!

Here are my 10 critical considerations for integrating mobility into the marketing mix in 2014.

1. Mobile at the core

According to Statista, 17.4% of all global web traffic now goes through a mobile device. And according to BI Intelligence, the Australian mobile subscriber base increased from 19% in 2007 to 84% of all Australians in 2013. It's no wonder marketers are finally realising that they need to rebuild their digital presence with mobile at the core. This means redesigning websites and emails from a mobile screen point of view (smartphone or tablet).

Start with the smallest screen. This will force you to think of elegant simplicity, clarity of messaging and a seamless user experience.

2. Content strategy

Building on the above, mobility is all about the content experience – delivering content in a form that a mobile or tablet user can easily consume and easily act on. However, consumers won't act if the content is irrelevant. So focus on creating your mobile content based on mobility need-states. Map out your customer journey and focus on content that delivers a benefit.

This sounds simple. However, at TrinityP3 we have assessed a wide range of mobile projects throughout 2013 and one of the top issues highlighted has been the lack of a mobile content strategy.

3. Usability

Strangeloop tells us that 68% of online shoppers prefer to view the mobile site rather than the full site on their mobile device. And according to Telstra, 79% of shoppers use their mobile device to browse products on websites or via apps. So once you've mapped your content strategy, you will need to build the content experience based on ease of use and clear customer pathways that meet your ultimate business and marketing objectives.

4. Measuring engagement

So you've planned the best content experience and mobile/tablet strategy. Well, the hard work now starts. Do consumers have the same point of view? Are they following the same pathways? Are they using content the way you thought? Make sure you highlight the key engagement metrics that you want to benchmark and monitor them over time.

Some of the main ones are:

- unique visits
- content pageviews
- content repeat usage
- loyalty = daily active users divided by monthly active users (DAUs/MAUs)
- screen flow behaviour
- average session duration
- content goal conversion
- monetisation conversion

5. Life cycle

Importantly, you need to build your customer engagement activity based on a customer and product/service life cycle. How are you nurturing leads? How are you onboarding new customers? How are you enticing repeat customer usage? How are you reactivating inactives? What are the key milestone moments of truth? If you haven't answered these questions, then go back to point 1.

6. Technology

I've intentionally left this well down the list, as I typically come across clients and agencies who are focused on bells-and-whistles technology, and who espouse the latest and greatest buzzwords: responsive design, apps, open source, the cloud, hotspots, asynchronous, dynamic memory, flight mode, location-based services, tap and go, RFID, transflective … blah blah blah.

Yes, technology is important. However, you will need to assess it based on your business objectives, customer marketing plan, creative ideation and how it delivers on your brand world experience.

7. Social connection and channel integration

Mobility by its nature means your customer is 'mobile'. On the run. Out of the office. Or simply multitasking. According to a Yellow Pages report, 59% of Australian social media users now access social media on a mobile device. And maybe they're using their mobile in front of the TV. In fact, Accenture reports that 62% of US TV viewers are concurrently using a computer or a laptop and 41% are using a mobile phone. So you will need a multitasking, multiscreen strategy. You'll need to consider time of day, day of week and your overall promotional and media activity to be clear on your 'push' marketing strategy.

8. User-generated content

You should also focus on an 'earned' strategy of sparking conversation and enticing consumers to create content and conversations for you. Think citizen journalists, brand advocates and ambassadors, dramatising and bringing to life consumer experiences. How are you identifying your 'best', most valuable customers so they can tell your brand story for you, ultimately saving you a significant percentage of your paid media budget?

9. Physical/digital integration

Now stop thinking of mobility and digital only. People consuming your digital activity live in the real world. So make sure you link your digital to physical experiences.

10. Assessing agency specialists

OK, so by now you're hopefully thinking that you need to find a new agency specialist, or at least that you should discuss this with your existing agency roster. However, where to start first?

At TrinityP3 we offer a variety of services, including strategic supplier alignment[1] and an agency performance scorecard[2], to help identify your digital and mobility needs and determine if they're matched to your agency providers and interrelations.

Takeaways

So there you have it – not only a confession, but a soft sell at the end.

However, as I've already mentioned, if you only want to take one thing away from reading this post, stop using your mobile in the car! Marketers aren't optimising their activity for you anyway. And your friends can wait!

1 trinityp3.com/agency-search-selection/#3
2 trinityp3.com/monitoring-benchmarking/#2

POST 44

10 ways to debunk the digital agency pitch

Posted 14 April 2014 by Stephan Argent

One of the chief reasons I'm called in to help with an agency search is around digital. While marketer digital ecosystems can be extraordinarily complex, the search process around digital doesn't have to be. If your potential or upcoming digital search is keeping you awake at night, here are 10 pointers to debunk some of the confusion and help you get some shut-eye.

1. It's the same, only different

As odd as it may sound, a digital search isn't really that different from any other agency search. Your search and evaluation process broadly follows the same road map, and the fundamental principles of marketing still apply – except it's digital. Just factor in some of the variables summarised below.

2. Avoid shiny object syndrome

If you're contemplating moving forward with a digital search, don't get caught up in a single idea or technology that overshadows or masks broader digital capabilities. Ideas and technologies will always evolve over time, so try and maintain a big-picture perspective.

3. Look for collaboration

Digital solutions can rarely be implemented in isolation, as they rely on offline strategies and assets to be properly integrated with your overall marketing strategy. Look for collaboration among resources and the ability to integrate with your other marketing partners to help drive delivery on your digital objectives.

4. Ask about ROI calculations

Because ROI methodology can vary enormously when evaluating digital solutions, it's important to understand the rationale behind the calculations. Getting a clear understanding of how the calculations were arrived at will also give you a broader insight into how agencies think.

5. Look at measurement

If you don't have your own analytics capabilities or resources, make sure that potential agencies do, or that they have compatible measurement data that will integrate with or support your own capabilities.

6. It's never digital only

Digital is rarely a stand-alone solution and typically requires integration points with other agencies or resources. Solutions that focus on 'digital only' without consideration being given to other resources, entities or assets should give strong cues about fit within your broader marketing ecosystem.

7. Who's really smart?

If you're reading this, chances are you read blogs or follow thought-leaders on Twitter. During question time, ask who (right there in the room) blogs or who your team should be following on Twitter.

8. Onshore vs offshore

Particularly when production costs are an issue, agencies often reference offshore resources as a way of reducing costs. Probe how projects get allocated to offshore production and what percentage will be managed offshore. If it's sizeable, probe further about how those projects get managed and, in particular, how quality control is maintained.

9. Don't let IT drive the bus

I've seen a number of marketers get strong-armed by their IT groups into decisions that perhaps weren't in their best interests, because they didn't contemplate the broader marketer picture. While IT can provide invaluable input and perspective, don't lose the marketing perspective and broader business vision.

10. There's no silver bullet

To a greater or lesser degree, everyone (marketers and agencies) is still tuning how their digital initiatives work within their broader marketing mixes. Whether it's insourcing, outsourcing, using digital only or full service agencies, there's no silver-bullet answer. So don't beat yourself up when you don't find one.

Restful reading

If the thought of a search to help bolster your digital initiatives has been keeping you awake, then hopefully this post served as some good bedtime reading. You may also like to refer to my post on why every pitch is a digital pitch[1], for added perspective. If all else fails, call your friendly agency search consultant.

1 argedia.com/why-every-pitch-is-a-digital-pitch

POST 45

The difference between agency confidence and arrogance in a pitch

Posted 23 April 2014 by Stephen Benrad

The chemistry meeting[1]: a day that agencies and advertisers look forward to with much excitement. For the advertiser, this is a chance to meet a potential long-term partner, experience some fresh thinking, and see if the agency really is as impressive as its credentials suggest. For the agency, this is a chance to capture the hearts and minds of a potential new client beyond trading exercises and remuneration templates. This is where it shows the client who it really is and what it stands for.

Some agencies are 'pitch fit'[2] – they have either won or are in the process of securing new business. The team they have is honed, the chemistry they have is genuine and they know how to work a table. For the client, this presents itself as an interesting piece. The agency looks polished. Its people hand over to each other seamlessly. There is banter. The client even allows itself a smile.

But despite this, something is lacking. And then it hits the client. What a bunch of arrogant *****!

'F#!k I'm good, just ask me!'

So what makes a client come to this conclusion?

1 trinityp3.com/2011/12/the-importance-of-chemistry-meetings-in-the-advertising-agency-selection-process
2 trinityp3.com/2013/11/optimism-successful-pitch

1. A sole focus on itself

An agency may have much to be proud of and this should not necessarily be ignored. It will put up the slide with lots of client logos, the slide showing the hundreds of millions of dollars it bills, and the slide with awards it has won from Cannes to Cairns. It will claim that very few people ever leave the agency and its Net Promoter Score is amazing. To top it all off, its proprietary tools are unique, the best in class.

This is all very good, but the danger in focusing on its own achievements is that an agency may give the advertiser the impression that it is just another notch on the agency's bedpost. This is supposed to be an opportunity for the agency to show how it can be a progressive and viable partner, and yet for the most part it is basking in its own glory.

In many respects, this chest-beating is best placed in the credentials document – after all, that is often the gateway to a chemistry meeting. An advertiser knows it is talking to a big agency with lots of clients. Simply rehashing this information can be a waste of time and offers no other insights or justification for the agency being there.

2. Not asking questions

This is a consequence of the point above. An agency that focuses on itself will not allow time for questions. Even taking time out of the equation, an agency that does not ask questions suggests arrogance in that it thinks it has all the answers. Questions are a sign of a smart agency. It shows a willingness to learn and collaborate. Not asking questions is a warning sign that this could be a trend.

What happens when an agency gets a brief and it doesn't challenge it? The output is not as strong as it could be. The client might think: Will it do deals on our behalf that it thinks are right for us without engaging with us first?

When an agency meets an advertiser for the first time, it is a golden opportunity for the agency to find out as much as it can in order to lay the groundwork for immaculate client service – in essence, to determine the scope of work. The more the agency knows about a client's needs, the better it can tailor a team around them and the greater its chances of success in the long term.

3. Not tailoring the conversation around an advertiser's business

It sounds obvious, but chemistry meetings should focus on the client and the challenges faced within that category.

A department store may face challenges from pure-play retailers, an Australian FMCG advertiser may face increased pressure as a result of a recent trade deal with China, and a bank may face a drop in profits owing to changes in the law. Whatever the challenge may be, advertisers like to hear that an agency has done some research about what keeps them up at night and how it can help with this. However, quite often, the advertiser in the room could be anyone because there is nothing that is tailored to them.

Even just a couple of insights are welcomed by the advertiser. And if the agency is unsure what the client's challenges are, now is the time to ask.

4. Making assumptions

A factor of confidence is admitting you don't always have the answer and are willing to work with others to find a solution. But an arrogant agency will make assumptions about a business it knows very little about without researching it first.

For example, observations around current channel selection are admirable, but criticism at this early juncture is not advised. I've heard agencies make a reference to an advertiser's spend in a particular media channel and suggest this is the wrong thing to be doing, all without doing their homework on ROI first.

The road to arrogance

So how does an agency become arrogant?

Most agencies will start off hungry and confident. Then they will get a couple of new business wins under their belts, enough to attract new talent and forge a point of difference in an industry that was beginning to look homogenised. This success continues and the agencies double their billings and staff numbers in a short time. This is usually when there is a change from pitching for new business to expecting new business.

Advertisers want to work with a confident agency. Confidence is contagious, and its cousins – courage, faith, positivity – are welcome assets in an agency partner. But they don't want to work with an arrogant agency because it is not a partnership. Would you want an agency making decisions on your behalf just because it thinks it knows better than you do?

A simple way to confirm arrogance is to challenge the agency when you first encounter evidence of it: How do you know that? Why do you think that? What makes you think you know more than us? Arrogant agencies will only see things their way, whereas confident agencies will listen to your perspective.

Of course, the advertiser itself could be arrogant, but that's for a nother post …

POST 46

Marketing is increasingly about doing less, not more

Posted 19 March 2014 by Darren Woolley

I remember very well October 2008 and the six months that followed. The GFC had bitten deep and marketing budgets had been slashed. There was not a day that went by when the conversation with a marketer was not about how to best cut the budget while still maintaining the marketing program. We offered advice on eliminating waste, reducing duplication and the like.

But then marketers discovered a much easier approach, which was simply to have the agency do the same work for 20%, 30% or even 40% less than it had previously cost. After all, the agency was desperate to hold onto both the client and as much of the revenue from that client as possible, even if it meant that its staff would have to make up the shortfall in unpaid overtime.

It is an interesting observation that even in the face of a significant budget cut, the expectation of many marketers is to be able to keep doing the same thing, if not more of it. It is like the conversation we have around agency remuneration benchmarking[1]. While procurement will look for savings, marketers will look for buying power. They want to do more – in fact, they feel compelled to do more – with the resources at hand.

But how much is too much, and would you actually be better off doing less?

1 trinityp3.com/2013/11/agency-remuneration-benchmarking

The pressure to do more

There are so many reasons for doing more, but this is not always the right choice:

- Action can easily be confused with results. The more activity you manage, the more important and effective you appear to be. So doing more rather than doing less is a survival strategy
- Lots of people are trying to sell you something. With so many channels and an increasing number of disciplines and specialists all championing their services, it becomes difficult not to add more to your repertoire
- Everyone else is doing it. Read the trade press and everyone is embracing the latest digital innovation, be it Snapchat, WeChat or Vine. You start to feel that you are being left behind in the technical revolution
- Integrated marketing. The concept of being fully integrated with the consumer has many marketers and agencies believing this is across every possible channel. Yet ultimately, the right choice of channel is more important than the total number of channels
- Looking for the secret to success. With the pressure to deliver results, many marketers are hoping to find that secret ingredient for their marketing strategies that will guarantee this. But it is rarely this easy

The trouble is that in most cases, more comes at a cost. Operating within the existing budget, there is a need to rationalise the existing requirements to take on more. But this rarely happens, as it is difficult to know what to drop.

Instead, it is more likely that more will simply be added to the existing marketing plan. Rather than being changed, the plan and the requirements just get bigger. Unfortunately, the budget rarely gets bigger too.

At this point, one of several things can happen, all of which carry their own risks:

- You add additional suppliers and resources – With suppliers offering new disciplines and services, it is easy to get them on board as a test. However, you then turn around to find the agency roster has grown like coathangers in the closet[2]
- You start cutting corners to fund more – As pressure mounts on the budget, it is convenient to start cutting budgets and corners

2 https://www.youtube.com/watch?v=vyuqbDKZXPo

here and there to save money. But without a strategy and an accountable approach, it is possible to accidently make a serious mistake

- You find yourself spread thinly across the program – Likewise, without a strategy, and the plans and resources to manage it, you can quickly find yourself spread too thin regarding resources to manage either the implementation or the monitoring of the results

To embrace innovation and the changes that come with it is not simply a random or spontaneous act. It requires a process to ensure that the change in the marketing plan is:

- properly funded, resourced and implemented
- undertaken without any impact on other successful components of the plan
- monitored and measured to ensure the efficacy of the change.

This is why you need to adopt a strategy for managing the evolution of your strategy.

Doing one thing well is better than doing more things by half

So we know that there are many reasons for why we all want to do more, but that doing more can be counterproductive. What, then, is the best approach?

Some of the most successful brands and advertisers show real focus in the implementation of their marketing communications plan. Rather than trying to be in every channel, they select the channels most relevant to engaging the target audience and pinpoint where they will have the greatest cut-through.

Test and learn

There is an approach used by many marketers to manage the innovation in their strategy. Test and learn is based on the scientific method and adds innovation to the marketing strategy and mix. For more on this, see my post 'How the scientific method can be used to "test and learn" marketing strategy'[3].

To fund this approach, some marketers have adopted a 70/20/10 approach to their budget. Seventy per cent of the budget is allocated to delivering the existing marketing strategy. Ten per cent is allocated to

3 trinityp3.com/2011/12/how-the-scientific-method-can-be-used-to-test-and-learn-marketing-strategy

innovation – new ideas and opportunities – but these are implemented as experiments that are measured and monitored to determine the efficacy of the approach. So what is the other 20% dedicated to? This is used to develop any innovative approach that shows promising testing results.

This process ensures that you are not doing more just for the sake of it, and that you are able to make decisions based on results.

POST 47

The important differences between scope of work and schedule of work

Posted 4 December 2013 by Darren Woolley

About 18 months ago I posted 'The world's worst advertising agency scope of work defined by a marketer'[1], where I highlighted the lack of specificity in the scope of work provided. However, recently I was challenged to question my opinion on this approach to providing a scope of work. Having read the original post, the procurement person concerned told me I had confused the 'scope of work' with the 'schedule of work'.

This was the first time I had heard the phrase 'schedule of work'. Up until then I had only ever used 'scope of work'. In fact, I had previously provided a post on a fairly comprehensive approach to defining the scope of advertising agency services to determine agency compensation[2].

So exactly what is the difference between a scope of work and a schedule of work? Let's look at the definitions given by Dictionary.com for the words 'scope' and 'schedule':

scope (noun)
1. extent or range of view, outlook, application, operation, effectiveness, etc.: an investigation of wide scope

1 trinityp3.com/2012/05/the-worlds-worst-advertising-agency-scope-of-work-defined-by-a-marketer
2 trinityp3.com/2011/09/defining-the-scope-of-advertising-agency-services-to-determine-agency-compensation

2. space for movement or activity; opportunity for operation: to give one's fancy full scope
3. extent in space; a tract or area
4. length: a scope of cable
5. aim or purpose

schedule (noun)

1. a plan of procedure, usually written, for a proposed objective, especially with reference to the sequence of and time allotted for each item or operation necessary to its completion: The schedule allows three weeks for this stage
2. a series of things to be done or of events to occur at or during a particular time or period: He always has a full schedule
3. a timetable
4. a written or printed statement of details, often in classified or tabular form, especially one forming an appendix or explanatory addition to another document

Source: Dictionary.com

To put this simply, the scope is the *what* in breadth and depth. The schedule provides additional dimensions, including *when*, *who* and *how much*.

So what are the implications of these differing definitions for marketers, procurement and agencies?

Using a scope of work

For marketers, a scope of work can literally just be the scope of the tasks and services they require of the agency. The agency is to provide strategic thinking to develop campaign ideas and creative concepts, follow these through to manage and deliver the required production, and so on. It defines the scope of the agency's responsibilities.

For procurement, it provides a definition of the roles and responsibilities of the supplier, which is important for the contract, but lacks enough specificity to be able to assess either the resources required to deliver the scope of work, or the value of the cost against the delivery of outputs.

For the agency, if it has entered into an 'all you can eat' retainer[3], the scope of work is completely acceptable. After all, it has accepted an arrangement whereby it will provide all services within the scope for

3 trinityp3.com/2007/09/the-dangers-of-the-all-you-can-eat-agency-remuneration

payment of the retainer, irrespective of the volume and complexity of this work.

Using a schedule of work

For marketers, a schedule of work means that they not only have to provide a definition of the services to be provided by the agency, but also the quantity – how many and what type of outputs are required (e.g. six multichannel campaigns, 24/7 community monitoring and so on). They must also schedule this across the entire year, providing timing indications – when these activities will be required (e.g. Q1: four TVCs; Q3: website e-commerce commences, social media monitoring 9 a.m. – 9 p.m. seven days a week, and so on). In addition, they must provide an indication of the level of complexity of the task – providing the scope of the individual task (e.g. managing a 1.6 million participant community, a regional television campaign of six executions across 14 markets, and so on).

For procurement, this provides a more detailed understanding of the actual requirements of the supplier and means they are better able to assess the resource requirements and associated cost. While the schedule of work is likely to change throughout the contract, it also allows procurement to develop processes within the contract for capturing this and to adjust supplier compensation where required. The specific schedule of work also makes the management of the supplier relationship more accountable and transparent as there are very specific deliverables.

For the agency, the biggest advantage of the schedule of work is the visibility of not only what specific resources are required, but also when they will be required. Managing the peaks and troughs of the client's requirements can be costly, stretching an agency's well-defined resources – or even requiring freelance resources to manage the peaks. Another advantage for the agency is that the fee is set against the schedule of work. If the schedule increases or there are particularly high peak periods, the agency can manage these with either the marketer or procurement.

Which one to use?

If you want flexibility and the associated lack of transparency and accountability, then I would recommend sticking with providing a scope of work. But if you want to be able to make your agency fees more accountable, manage the agency resources more efficiently and provide a work schedule with which to coordinate all of your agencies, then I would recommend transitioning to a schedule of work.

We have always recommended that marketers should provide details of their scope of work, including timing, volume and complexity. But from now on, we will be able to distinguish between a scope of work (here are the types of things I want my agency to do) and a schedule of work (here is a specific work plan and schedule for my agency).

Which one would you prefer?

POST 48

Why agency pitch consultants should never work for agencies

Posted 27 September 2013 by Darren Woolley

One of the things that we have always held sacrosanct at TrinityP3 is the concept of independence. What I mean is that we provide totally independent advice to our marketing and advertising clients. As stated on our website[1], we do not do work for advertising agencies or any suppliers or vendors of our clients.

But recent conversations with marketers and procurement professionals in the industry have made me question if this is such an important distinction. It appears that independence is not that valued if it means higher costs.

Making money from agencies and suppliers

Believe me, I know the attraction. Adding agencies and suppliers to your client base effectively more than doubles your revenue opportunities. As marketing procurement is a relatively niche consulting practice, it is a very good way of increasing the revenue base, especially at a time of financial constraint. As a consequence, many of our competitors generate income from agencies and suppliers in a number of ways:

- They demand annual fees from agencies in return for considering them for new business opportunities (often packaged with services and advice)
- They charge agencies fees to participate in a pitch, or are to be paid for a successful outcome

1 trinityp3.com/faq

- They provide consulting services and training to agencies for fees
- They split the cost of their services between agencies and advertisers

However, my experience is that consultants who are paid by both marketers and agencies or suppliers can end up confused as to whom they are working for. I have heard many competitors justify this situation by saying that they work for both. But do they?

Why should marketers and advertisers care?

One of the benefits of selecting a consultant that is paid by agencies and suppliers is that its fees are usually lower. The agency fee is subsiding the consulting fee, be that for pitch management, agency relationship management or negotiation/issue resolution. But at what cost do these lower fees come?

A recent discussion I had with one of our marketer clients was eye-opening. I was explaining that we do not do work for agencies or receive payment from suppliers, in order to maintain our independence. The marketer said they did not care. In fact, they felt that if they got a lower cost and we got to know agencies better through working for them, then it was a win-win situation. They completely failed to see the potential conflict in us acting as a new business agent for the agencies rather than as independent brokers for them.

The conflict of agencies paying registration fees

There are a number of consultancies around the world that charge agencies a fee for being on their registers. The benefit for the advertiser is that they provide a very low-cost service subsidised by the agencies. But the problem is that they are working for the agencies and not the advertiser. The majority of their revenue comes from agency fees.

The other problem with this approach is that the agencies under consideration are often only those that are registered and paying fees. Increasingly, agencies are rejecting this model, and so you find that consideration is not taking place market-wide, only in regards to those agencies paying the consultant fees.

Also, the agencies paying these fees rightly demand value for them, either in new business or added value. This is why consultants are increasingly offering consulting services as part of the annual fee. Still, you can imagine that the agencies would want to receive a decent return on that investment. The pressure on these consultants to deliver results is significant.

The inequity of paying success fees

Another common practice in pitch consulting[2] is to charge success fees. Best practice has this as being open and transparent to the client and agency. But often hidden behind consultant-enforced confidentiality agreements are deals and payments to the consultant.

Besides, the cost of pitching is significant and borne by the agency, win or lose. To have an additional consultant fee added to what is paid by the successful agency means the cost of the win is increased. This cost will then have to be recouped from the client through fees, or through less-experienced agency staff billed at a higher resource price.

The success fee also makes a mockery of the idea of paying agencies pitch fees[3]. The consolation prize for the losing agencies becomes the bonus for the consultant.

The dangers of providing agency consulting services

As I mentioned, my marketer friend thought that by providing consulting services to agencies, we would get to know the agencies better. I explained that we met with agencies regularly. In fact, we spend many hours debriefing and advising agencies that participate in our pitch reviews, all at no cost to the agencies or our clients. We do this to provide value and improve the performance of the industry generally. My friend was incredulous that we did not charge for these services.

A colleague of mine in the Marketing FIRST Forum[4] told me about a situation that they recently witnessed. During a pitch for a client (yes, pitch consultants increasingly have to pitch too), a competitor was grilled by procurement because in their tender response they had indicated they'd provided consulting services and training to the advertiser's incumbent agency. It seemed that procurement saw the potential conflict here. But marketing apparently doesn't.

The false economy of sharing costs with agencies

It is becoming increasingly common for consultants to charge both advertisers and their agencies for services such as relationship management or process-optimisation consulting, the idea being that both parties benefit from the process and therefore both should pay.

2 trinityp3.com/2013/07/successful-pitch-management
3 trinityp3.com/2012/01/when-should-an-advertiser-pay-pitch-fees-when-selecting-a-new-advertising-agency
4 m1f.org

I'd agree with this principle if the transaction was open and transparent. But what is not transparent is the amount of revenue the consultant is being paid by individual agencies across all of their clients. You see, it could be that the consultant's core clients are primarily using a handful of agencies and therefore most of the revenue is coming from these agencies. While the amount is obvious and transparent to each existing client, when the consultant provides services to a new client, they do not reveal how much they are getting paid by each agency.

Also, ultimately, it is the client that pays. The cost of the consulting service is often forced upon the agencies as part of the deal. But they need to recoup this cost either by passing it on to the client through fees and overhead or by reducing the cost of their business by recruiting lower-priced and therefore less-experienced resources to the business at a higher cost to the client.

A need for transparency?

The industry is currently struggling with issues of transparency surrounding media agencies and the media buying process, and the same issues should apply to the consultants working in this space.

Or should they?

Do marketers really not care about issues like transparency, integrity and conflicts of interest if it means they get a lower price, one that is subsidised by the very agencies they work with? Ultimately, who pays for this? The advertiser.

So if my clients don't care, why wouldn't I join the throng of consultants dipping into the money pot on both sides of the transaction. I would be able to plan for an earlier retirement. Well, I am still a believer in honesty and integrity and hope that there are enough marketers (and their agencies) who value the same.

POST 49

How to avoid the 10 classic strategic decision-making traps

Posted 12 February 2014 by 'The Buyer'

Decision-making, as most of us have surely experienced at some point in our careers, can be a tricky business. Difficult decisions can be very difficult, and no-brainers can sometimes prove to be anything but.

Rarely do we have all the data we need to make the best decision. Calling for more data is usually an option, yet at some point the analysis paralysis has to stop and a decision has to be made, however imperfect. Time is the enemy of good decision-making.

As Theodore Roosevelt said, 'In a moment of decision, the best thing you can do is the right thing to do. The worst thing you can do is nothing'.

A key element of what makes a business decision good or bad is its impact. Good decisions can sometimes lead to wondrous outcomes. Poor decisions can sometimes prove disastrous. But infuriatingly, the opposite can also be the case. Few things are quite as frustrating as making a good decision for the right reasons and seeing it go unrewarded, or worse, punished by the winds of fate.

Business process is all about making better decisions, investing in getting it right. 'Professionalism is merely the minimising of mistakes', said thriller writer Patrick Robinson. An old pro might still make a mistake while performing a task, especially in the context of growing complexity, but they are less likely to make dumb mistakes, obvious mistakes or rookie mistakes. That's because they have the edge of experience.

A reporter once asked the chairman of a major bank: 'Sir, what is the secret of your success?'

'Two words', replied the chairman.

'And what are they?' quizzed the reporter.

'Good decisions', said the chairman.

'And how do you make good decisions?'

'One word.'

'What is that?'

'Experience.'

'And how do you get experience?'

'Two words.'

'What are they?'

'Bad decisions.'

Decision-making is a skill

One thing most managers would certainly agree upon is that in business, decisions truly matter. Decision-making is a critical soft skill in the business manager's armoury. In fact, it could perhaps be the most critical soft skill that a manager possesses. Yet we often try to turn it into a hard skill by surrounding the decision-making with extensive process. But does this necessarily lead to better decisions?

Given our predilection for process, it is doubly surprising that this tricky business of decision-making – a process that all managers have at least some involvement in – is perhaps the most overlooked area of professional development and training for managers. Few skills are as critical within the entire art and science of strategic business management. Yet how many professional business managers have attended any sort of course or program that formally (or even informally) addressed the topic of decision-making?

Is it the case that only leaders can make good decisions? Are good decision-makers born and not made? Surely not. If we all studied decision-making and learnt its processes, if we understood its components and how to identify good and bad practices, wouldn't we all make better decisions?

Many in professional procurement would say that is really what they do, that they are professional decision-makers. But that simultaneously diminishes and flatters what they do. They certainly do far more than facilitate a decision. However, they rarely make decisions entirely in isolation, more as part of a decision-making unit (DMU) within their organisation.

It's surprising, then, that so few procurement professionals study decision-making. As a subject, it is almost completely absent from the MCIPS syllabus, the ubiquitous professional standard in the procurement discipline, and a degree-level standard at that. Even worse, few business degrees or MBAs seem to address the subject at all.

Yet the essence of business is to work towards only one thing, really – making better decisions, large or small, when it comes to the essential business task of weighing risk against return.

Decision-making as a process

Having reached the year 2014, we should certainly expect that as learned human beings and business professionals, we know enough about the process to distil the key components of a good decision. We should know enough, perhaps, to even codify them and teach them, at least when it comes to making basic business decisions.

The question then is this: How can this corporate memory of good decision-making help us choose the right marketing agency in 2014? What key lessons can we incorporate into our process to make better decisions in selecting marketing agencies, or even to pressure-test the decisions we want to make, to make sure that they are good for business?

Here are the steps to take in ensuring that strategic decision-making is a better process:

1. define objectives
2. list options
3. weigh pros and cons
4. decide
5. implement

This, of course, is our beloved pitch process[1], what procurement might call a tender process. At its core, this process is typically based on fairly obvious lists of the pros and cons of each option, and a deeply rational evaluation of said pros and cons as weighted, analysed and scored by a balanced committee of fine, upstanding managers.

The role of the corporate DMU

Companies do not buy from companies – people do. All sales professionals know this. Influence the people, influence the decision. This

1 trinityp3.com/2013/07/agency-pitch-processes

explains why so many sales reps (suits) simply try to woo a new customer to get a new sale.

But this obvious, limited and blunt sales strategy was at one point undone by the force of the DMU demanding more rationales for the largesse. The response of the sales profession was the devastating strategic selling approach[2] initiated by Miller Heiman in 1986. It taught salespeople to divide and rule, to cover their bases – to identify the different buyers and their motivations, isolate the red flags, pitch to the decision drivers, overcome the objections and work from the inside out to drive the purchase decision their way.

The famous IBM spin technique applied from 1975 onwards has a similar philosophy and describes the approach of solution selling, a favoured buzzword of all B2B suits working in a sales role.

These two examples illustrate how professional sales has always been ahead of professional procurement in terms of understanding and developing the B2B sales process. The balance is shifting, however, with the rapid development over the past two decades of procurement.

The helpful role of RASCI in making the DMU work

Many procurement teams now proactively use a RASCI-type framework[3] quite proactively to better ensure DMU effectiveness and that all players buy into key decisions. This also prevents the derailing of procurement projects when big-cheese managers or chief technocrats object to a corporate choice – or even to the procurement team's involvement in the DMU!

Many in a corporate DMU have the power to say 'No'; few have the power to say 'Yes'. Our tame sales rep always tries to spend their time in front of the people that can say 'Yes'. So if your colleague sees the supplier reps more often than you, chances are the vendor thinks they hold the balance of power in the DMU.

RASCI stands for responsibility/approval/supportive/consultation/influence. It is a matrix that assigns responsibility to each person in the DMU and defines their roles. Importantly, it also pushes out hangers-on, people who are not needed to make the best decision possible.

The real point here is that each person within the DMU has a role to play in contributing to a better business decision. Unfortunately, human nature being what it is, and corporate egos being what they are, many of the people in a typical DMU think these are solely their decisions to

2 millerheiman.com/Our_Products/Strategic_Selling
3 en.wikipedia.org/wiki/Responsibility_assignment_matrix

make, that a 'Yes' or 'No' depends on just the almighty them. They forget their role and take on that of Caesar. They can grow to feel that they are the decision-maker, not the team.

Yet very few in business have such omnipotence. Even CEOs take advice and recommendations from minions down the food chain, those with greater knowledge or the relevant experience. CMOs, though, might know best – certainly if their career is on the line!

Procurement has recognised this. RASCI is the tool it uses to manage this scenario. Procurement managers are getting very proactive in isolating objections and keeping people within the DMU to stick to their responsibilities, not mission-creep into others' patches. RASCI is a process that gives buyers control within their own organisation, to help buy the right solution for the right reasons – any typical old-school CMO would hate it.

The helpful role of insight in seeing the truth

Many decisions we make in business are based upon insight. That is the idea that we have an edge of understanding of the real truth of a scenario that escapes our competitors, that we have an eye for the business that they do not.

Insight is defined in many ways. The Microsoft (Encarta) dictionary defines it as 'the ability to notice and understand a lot about people or situations'. Ultimately, as one manager said, insight is the gift of great managers – the ability to see between the lines. Inventing a management process to develop this seems improbable. (The application of good insight, by the way, is incisive, not 'insightfulness', as so many wrongly describe it.)

It is ironic, then, that the agencies upon whom we often rely for profound insights are chosen by people using their own insights, or perhaps deemed insufficient to apply to a beloved product's cause. Two factors are important here:

1. the influence within the DMU of the person with the most accurate (or inaccurate) level of insight
2. the outcomes of the decision that was so influenced by said insight.

Unfortunately, as George Bernard Shaw once said, 'All great truths begin with blasphemy', which can often marginalise those with genuine insight working within a typical corporate DMU.

Perhaps the greatest 'automatic' insight into the skill in choosing a new marketing agency[4] is the TrinityP3 maxim that efficiency always leads to

4 trinityp3.com/agency-search-selection

effectiveness. Use the right process to define your objectives, align your choice with your strategy and roster, then ensure your marketing process is as efficient as possible. Inevitably, this will lead you to greater marketing effectiveness.

Herein lies the real secret of good decision-making when choosing a new agency – to select the right agency, not the best one.

The importance of setting clear objectives

When it comes to the quintessential business project, in a typical large company we can't always have it all, however much we try to. It is rare indeed for any option to simply offer the best, cheapest, fastest, greenest option. Indeed, it is rarely obvious who the best agency truly is, certainly not before clear criteria for success and clear objectives for the purchase decision have been set – clear initially in the sense of passing the test of being succinctly written down.

The full art and science of decision-making demands that first essential requirement of clear objectives. So often in the business world we seem to leap headlong into process before setting those essential clear objectives. Yes. Really. We do.

Perhaps the most necessary (and most evaded) challenge of the test of clear objectives is that of ensuring strategic alignment; that is, the alignment between what you are trying to do today and the overall aim of your organisation's strategy to achieve its mission and goals.

Aligning your marketing strategy with your vendor selections makes obvious sense. So why do so few marketing managers seem to proactively ensure this? Maybe it's because every agency says they can do everything. 'Can you do digital too?' you ask. 'Sure, of course', says your old DM agency.

Avoiding the 10 most common business decision traps

Whether you are an individual with a weighty choice to make or a humble member of a corporate DMU, perhaps the best way to make a good decision is not to make a bad one. Avoiding the not-quite-so-obvious traps lying in front of key decisions might be a good start.

A seminal work on decision-making is the 1989 book *Decision Traps: Ten Barriers to Brilliant Decision-making and How to Overcome Them*[5] by J. Edward Russo and Paul Schoemaker. Although not written in a procurement context, nor directly in a marketing one, it is written in a business context

5 indiana.edu/~koertge/H205/Russo.htm

and is entirely relevant to decision-making by the corporate DMU. It suggests avoiding these 10 'decision traps':

1. The tendency to plunge in – impulsive decisions favouring the favourite agency we have to have. It's obvious, isn't it?
2. Frame blindness – not identifying the options; one-track decision-making. They said they did digital as well
3. Lack of frame control – solving the wrong problem. The new agency is cheaper
4. Overconfidence – using assumptions, not facts. They'll be able to do that as well, surely
5. Short-sightedness – What could possibly go wrong? What indeed
6. Shooting from the hip – that feels right, surely? The chemistry works well, so they must be right
7. Group failure – everybody wants this, nobody dissents. It will be best for everyone (no need to ask them; we know best)
8. Fooling yourself about feedback – the customer is wrong. Stoopid customer, what do they know?
9. Not keeping track – I think we did, didn't we? Or did we not? Does it matter though? I mean, really?
10. Failure to audit your decisions – That was a great success, wasn't it? Everyone says so …

The thing is, sometimes, how you make a decision is just as important as the decision itself. Professional procurement processes try to teach us this almost every day, and the RASCI process amplifies it.

In fact, all procurement people should be pretty good at making business decisions. Their ethics drive objectivity, their probity ensures oversight, and they bring a good decision-making process to bear, which results in a number of options to consider with full knowledge. Critics might argue, though, that procurement's lack of product or market knowledge may, on occasion, rob it of insight.

Maybe decision-making is something that other business managers could best learn from procurement sometimes. Otherwise, they could just google the words 'decision traps'.

POST 50

10 marketing management trends for 2014 – year zeros

Posted 20 January 2014 by Darren Woolley

If you want to predict the future, you start with history. After thinking back over the past few years, here are my 10 predictions for 2014, which will hopefully be seen as year zero for media and marketing.

1. Zero agency fees

Agency fees are continually under competitive pressure. Procurement continues to drive lower rates. In the UK, the government used a reverse online auction process to select agencies on the lowest rates[1]. If they haven't done so already, will the fees hit rock-bottom this year?

2. Zero choice of agency

Omnicom and Publicis announced their merger in 2013[2], creating the largest advertising holding company in the world. Even while this merger is progressing, both are continuing with an agenda of further acquisition. With more holding company mergers and acquisitions rumoured to follow, will marketers' choice continue to be reduced?

3. Zero privacy

Thirty years after the time of George Orwell's Big Brother[3], the state of technology and big data (see point 8) indicate that privacy died sometime in the past five years. More data on individuals has been generated and collected in the past 10 years than in our entire history. Will 2014 be the

1 See the post titled 'Agency remuneration – the alarming race to zero' on page 166 of this book.
2 trinityp3.com/2013/08/publicis-omnicom-group-merger
3 en.wikipedia.org/wiki/Nineteen_Eighty-Four

year governments catch up in terms of legislation to manage privacy, or will it be the consumer who fights back?

4. Zero originality

So many ideas are available online that you would think this would stimulate more originality. But true originality is more likely to come out of a tech start-up than an agency these days. All we see from agencies is copies and the reworking of others' ideas. Or have we just run out of ideas?

5. Zero best practice

Technology is driving change so fast that best practice is out-of-date by the time you have identified it[4]. In fact, what increasingly passes for best practice nowadays has simply been reduced to common practice. Innovation in the face of this change comes from next-practice thinking[5].

6. Zero paid media

Is Joseph Jaffe right? Is this the year when paid media is no longer required to build brands? In his book *Z.E.R.O.*[6], Jaffe makes the case for why brands need zero paid media, and why owned and earned is where the real media value lies.

7. Zero digital specialists

Digital agencies are digital specialists. But in a world where everything is digital, is there a place for simply being digital[7]? Rather, will there just continue to be increasing numbers of specialists in the categories created by technology?

8. Zero big data

Last year everyone was talking big data. Considering what's available through social and online networks and platforms, we have more data than ever before. But do we know the individuals behind this data any better than before? Hopefully next year is when everyone wakes up to the fact that it is not the size of your data but the value of your insights that matters.

4 trinityp3.com/2012/11/increasing-complexity-of-marketing
5 trinityp3.com/2011/11/worlds-next-practice-in-advertising-agency-selection
6 amazon.com/Z-E-R-O-Zero-Media-Marketing-Model/dp/1118801156
7 slideshare.net/darrenwoolley/digital-agencies-versus-technology-agencies

9. Zero media costs

With traditional media rates falling and continuing market pressure on both agencies and media owners to drive these rates down further, will we see media given away for free? The hope is that media owners will realise they can charge for the value delivered and not simply hold onto their current audience delivery model.

10. Zero production values

Consumer-generated content has marketers questioning the worth of high-value productions. If YouTube can have 100 hours of content added every minute[8], what price to pay for content? Yet quality content is scarce, and quality branded content is even scarcer. So on the basis of supply and demand, what price should be placed on high-quality produced content?

Building on zero

The questions for industry decision-makers and influencers are in what ways do we all benefit from zero, and where do we need to build anew from the zero base.

8 youtube.com/yt/press/statistics.html

NEXT STEPS

Feeling inspired?

TrinityP3 can assist you with Strategic Supplier Alignment, Supplier Search & Selection, Remuneration / Compensation Modelling, PBR – Payment by Results, Contract Negotiations, Remuneration / Compensation Assessment, Contract Review, Engagement Agreement, Process Optimisation, Scope of Work Management, Rate Card Development, Dispute Resolutions, Training Workshops, Strategic Production Sourcing, Relationship Alignment & Performance Improvement – Evalu8ing, Media Strategy & Planning Assessment, Media Buying Benchmarking, Production Assessments (Electronic, Digital, Print), Production Management, Environmental Measurement & Management and more.

To find out more:

- Head to the TrinityP3 blog http://www.trinityp3.com/blog/
- Follow us on Twitter http://twitter.com/#!/trinityp3
- Like us on Facebook http://www.facebook.com/TrinityP3.StrategicMarketingConsultants
- Follow us on LinkedIn http://www.linkedin.com/company/trinityp3
- Subscribe to our YouTube channel http://www.youtube.com/dazzap3
- Follow our presentations on SlideShare http://www.slideshare.net/darrenwoolley
- Email people@trinityp3.com
- Or contact us to arrange a confidential discussion about how TrinityP3 can help your teams, your brands and your organisation become more efficient and effective.

TrinityP3 Strategic Marketing Management Consultants have been solving problems and building better relationships between advertisers and their agencies for more than a decade now. They assist marketers, advertisers and procurement with agency search & selection, agency engagement & alignment and agency monitoring & benchmarking to ensure the maximum efficiency and effectiveness of their advertising and marketing budgets.

The TrinityP3 blog is where they share their observations, ideas and insights on how to achieve greater marketing performance. It can be found at http://www.trinityp3.com/blog

Contact one of our offices:

TrinityP3 Sydney Suite 702, 53 Walker Street, North Sydney, NSW 2060
t: + 61 2 9964 9900

TrinityP3 Melbourne Suite 201, 63 Stead Street, South Melbourne, Vic. 3205
t: + 61 3 9682 6800

TrinityP3 Singapore Level 27, Prudential Tower, 30 Cecil Street, 049712
t: + 65 6631 2861

TrinityP3 Hong Kong Level 21, The Center, 99 Queens Road, Central
t: + 852 3478 3982

TrinityP3 New Zealand Level 27, PWC Tower, 188 Quay Street, Auckland, 1010
t: + 64 9 363 2891

What the world is saying about the Top 50 Marketing Management Posts:

Darren Woolley is simply different. He sees things through a different lens – a lens that is reality-based but looks way beyond conventional wisdom. He is one of the most practical, insightful thought-leaders in the marketing community. If you want a different answer, link up with Darren. He is a must read for everything he writes – and especially the Top 50 Marketing Management Posts of 2014.

Bob Liodice, President & CEO,
Association of National Advertisers (ANA), USA

Trinity P3's Top 50 Marketing Management Posts is a wonderful collection of well-written, insightful blog posts by Darren, his team, and guest writers. They deal head-on with some of the most timely and on point challenges in the industry. Whether you're a client leader, an agency leader, or industry consultant, this book is a 'must read'.

Debra Giampoli, Director, Global Strategic Agency Relations,
Mondelez International

TrinityP3 is at the apex of thought-leadership in the global marketing community. Their blog is a 'must read' for those who want to dispel marketing myths and perceived industry wisdom, and instead get a firm grip on the biggest business challenges facing the real practitioners.

Steve Lightfoot, Senior Manager - Global Marketing Procurement,
World Federation of Advertisers (WFA)

ISBN 978-0-646-92856-2
9 780646 928562 >

RRP A$14.95

trinityP3™

www.trinityp3.com