

Too many agencies spoil the roster



Places on government rosters are highly prized, but the expense and time it takes to earn one – especially when vying with several dozen other agencies – is beginning to wear thin. **MELINDA VARLEY** investigates

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here is a growing sense of disquiet amongst creative agencies over government departments inviting large numbers of them to pitch

for a place on a marketing services roster, and then appointing a long list of preferred suppliers, when there is no guarantee of any work.

While agencies, in general, welcome the opportunity to snare a place on a coveted government roster, some feel the amount of work required, and

the cost implications of pitching alongside up to 60 others, is increasingly a waste of time. It has now resulted in calls for the introduction of regulation to address the issue.

Things came to a head in September this year when VicRoads appointed 33 agencies to its marketing services panel after more than 60 agencies applied.

Daniel Leesong, CEO of the Communications Council, said: "It's a source of constant tension among the industry in every state. Most of it isn't so much around what the rules are, but that the rules aren't very clear."

Work is currently underway in Victoria to update the best practice pitching guidelines from the Communications Council.

"We have guidelines that have been out for a number of years, but it's time to update them and roll them out to clients and agencies, and assist them in how to get the most efficient use of everybody's time," explains Leesong.

However, Darren Woolley, managing director of pitch consultancy Trinity P3, argues that due to the complexity of marketing nowadays, it is no longer

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the norm for clients to have just one agency to service its needs.

But when it comes to government departments assigning a long roster of agencies, it isn't always about the expertise they can get.

Woolley explains: "Government departments struggle with the need to look after public funds. They think that the best way of handling their advertising is to go to open tender because that way, everyone in the market has an opportunity of putting themselves forward – this almost guarantees that they select the best in the market at that time.

"The downside of it is that they are running far too many open tenders that result in agencies applying for something that they don't actually have the ability to carry out."

Leesong says another danger is that government departments are not bound by their rosters.

He explains: "Almost on a whim, a government department can disregard the selected roster and undertake a whole new process. There's a lot of duplication of effort that goes on and that is one such area we are looking to tighten up."

Phil McDonald, managing director of George Patterson Y&R Sydney, says the more agencies that appear on a list, the more difficult it is for the client to make a selection.

"As a rule I think putting more agencies on a pitch list results in getting less out of each agency – it is a completely false economy putting more agencies on a pitch list or a roster," he says.

"Clients are far better working out a shorter list of highly qualified agencies and briefing only the most suitable."

Woolley argues that government has to be seen to be fair in the way it appoints its agencies, rather than being concerned about the implications for the agencies involved.

"The 'one tender' approach is flawed. However, you'd be hard pushed to come up with a system that allows the government to run a closed tender without the opposition party then starting to question why one particular agency has been invited over another."

Agencies have also voiced concerns about wasting their time, money and resources simply to have a chance of obtaining a place on a roster that may never actually lead to any work.

But agencies are normally inclined to pitch for

government business because the work is considered to be prestigious and it also pays well when it does come in.

Woolley says it's "still about business at the end of day". But now the trend is being mimicked in the private sector too, as competition in the industry reaches fever pitch.

Telstra has always kept a sizeable roster of agencies which currently includes Ogilvy & Mather, BWM, DDB, Droga5 and Three Drunk Monkeys. It also uses Naked Communications for comms planning.

And last week, Diageo Australia announced its intention to expand its creative roster by holding a review to add a second creative agency to join incumbent Leo Burnett.

George Patterson Y&R's McDonald says: "I can't work out how you get great, consistent work from a roster of multiple creative agencies on one brand. It frankly doesn't guarantee anything except creative and strategic inconsistency."

Large rosters in the private sector, while sometimes necessary due to the size of the business, can also put clients at a distinct disadvantage, it is claimed.

Woolley explains: "What these clients are actually sacrificing is building relationships whereby the agency gets to understand and know the business on a level that deepens the strategy and effectiveness."

McDonald agrees: "You get the best out of creative agencies by trusting them, partnering them and sharing your goals with them."

So, is it time for someone else to step in and take action? Leesong says: "We can't actually dictate how a pitch process must take place because of issues around the Australian Competition & Consumer Commission – we can only advise what we think is the best approach."

Woolley adds: "Everyone wants the

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opportunity to win business, but the problem with the system is that clients do not clearly set up the parameters of the competition.

"We recommend to our clients that they have no more than eight agencies during credentials and no more than three during an actual pitch."

One solution that could ease the growing agency tension is payment for pitching. While some forward-thinking clients do offer payment, they are small in number.

But Leesong says this only raises more issues: "It is not an uncommon suggestion that agencies are paid for their pitching efforts. However, there are a lot of variables to decide an actual fee."

"As part of the guidelines we're preparing, we will be making suggestions around payment approaches – but it is a complicated area."

Complicated or not, advertising agencies are demanding action to stop what they see as an onerous and costly process that has no certainty of ever delivering a return on their investment. ■

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