improving the search and selection process

Improving the search and selection process to get the right agency. Studies in recent years have discussed the factors that drive clients to terminate their relationship with their advertising or communications agency. These factors often form the determinants when clients are searching for and selecting a new agency.

It is possible however that this may contribute to the fact that relationship terminations remain high, and that many consider the pitch process to be flawed.

This paper will review what's considered best practice in pitching, the determinants that cause termination compared to those that drive satisfaction in a relationship, and then define a recommended pitch methodology based on these factors.

As marketing communications has become more complex over recent years, the process of choosing and managing communication agencies has also become more complex and subject to criticism.

The process is made more complex by the fact that there are a number of ways of going about selecting a new agency. The process selected should depend on the specific experiences and needs in the current situation, not necessarily following a process experienced within a different company. But how do you know you have the right process?

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pitching best practice

In his paper titled 'Best Practice – Choosing an Agency', Roderick White (2005), includes two areas that are crucial for a successful pitch process: preparation, search and screening, and the selection process.

Preparation, search and screening

Preparation
Time spent in the preparation stages can save time and resources once the pitch has commenced, and some of the key questions clients need to ask themselves before embarking on a pitch process include:

• **What precisely do you need an agency for?** Is it for advertising, creative business ideas, specific mediums or media, to provide specialised services or an integrated full service?

• **What kind of relationship are you looking for?** Is it a business partner with the ability to provide advice and counsel, with whom you can grow your business over a number of years? Or do you simply want a supplier of services who will do what you ask, at the lowest possible cost?

• **Be clear about your priorities – are they creative ideas to build a successful brand or clearly measureable direct sales results?** What size and type of business can you work with most happily? Do you want to be a smallish player in the portfolio of a large, successful agency group, or one of the most important clients of a smaller, dynamic operation that wants to grow?

Search
Searching for agencies has become one of the most challenging areas in the process due to the number of new agencies and group structures. Clients should consider the following to arrive at a short list

• **Refer to advertising and marketing industry bodies** and associations for directories of agencies.

• **Compare agency profiles compiled from recent trade media monitoring** as well as such Australian references as the B&T Year Book, AdNews Hand Book and AdBrief (Quarterly) Review, and current reference material available from the AANA and AFA.

• **Refer to industry associations** or professional groups for industry specific or specialist agencies.

• **Refer to prior associations and contacts,** the recommendations and referrals of colleagues, media reports and researched performances.

• **Take note of agencies whose activity is consistently favourably reported** in the trade press (Dowling 1994).

• **Consider using a consultancy who can offer a database of agencies with an extensive range of search criteria** and where agencies have applied, rather than being included without permission (Meyst 1991).

• **Don't rely on published client lists.**

• **Determine if any conflicts of interest exist** with shortlisted agencies.

Screening
Once you have established a list of agencies that appear to meet your criteria, the next step is to contact them to establish more precisely their credentials to handle the task, and learn more about them, their core services and their people.

This part of the process should involve an initial contact to confirm their interest, followed by a detailed questionnaire designed to confirm their fitness for your task, in terms of size, expertise, services, and experience (White 2005).

Once determining the best candidates for the short list after initial credential discussions, the pitch should ideally involve no more than three or four agencies (which may include the incumbent).

Two areas that are crucial for a successful pitch process: preparation, search and screening, and the selection process

the selection process

The traditional formal pitch where a client provides an agency with a brief to provide a full proposal in response including creative, media and a range of other elements over a period of about four weeks remains popular with many clients, but there are a number of criticisms of this approach.

It is considered wasteful of resources with the resulting creative proposals rarely used as they stand (Champa 1999). It is also difficult to establish the right level of mutual confidence and agreement between client and agency under the pressure of a pitch.

There is evidence of a gradual movement away from full-scale pitches towards smaller, more self contained projects, designed to enable client and agency personnel to work together, and provide an insight into the agency's working methods and ability to develop imaginative strategies (Wethey 2004). The Incorporated Society of British Advertisers (ISBA) has cited a 'workshop' approach being used successfully by some clients in the UK (ISBA, Finding an Agency, 2002) and Barrett (2006) also states the general consensus is moving toward 'chemistry only' pitches, where clients appoint an agency based on their ability to work well together.

In their publication titled 'Magic and Logic' the IPA and ISBA (2006) state that whilst research showed many agencies are still participating in traditional full scale pitches, there are other options for clients selecting agencies considering the general principle that clients are buying people and their experience and skills.

These options include:
• The agency's reputation
• Working meetings with the proposed team and agency management
• Relevant case studies
• The agency's knowledge and experience of the business sector
• The agency's process and way of working to produce profitable ideas
• An analysis of what needs doing to meet the client's business objectives
• Critical observations on the client's marketing strategy, market position, etc from the client's own research
• A progressive selection process where a reasonable number of agencies are asked to present credentials, four go on to present case studies, then two are paid to produce initial strategic and creative proposals, from which one agency is selected.

Whilst a client may not feel comfortable selecting an agency based solely on one of the above factors, a combination of these factors could enhance the selection process, whilst reducing the amount of resources required in a pitch. Whichever pitching process is selected, the Institute of Practitioners in Advertising (IPA) recommends scoring the agency's performance on pre-agreed criteria throughout. Key areas to assess include:
• Understanding and interpretation of the brief and the client's market
• Consumer insight and its strategic interpretation
• Creative proposals, linked to the brief, integrated across media/channels
• Contact and personal chemistry ensuring the team working on the account are a major part of the pitch
• Financial arrangements and costs

In addition to the above criteria, clients should also consider how the appropriate metrics and measurement systems would be developed and how an agency's culture and processes would fit with their own.

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areas of concern in the process

Too much focus on creative

An agency selection process that is focused solely or predominately on evaluating creativity is narrowing the opportunities to fully explore the client's brand and sufficiently differentiate it competitively in the marketplace. **The value to any business engagement with an agency, however, should be the journey**. How an agency reaches the creative delivery is critical not least because that process assesses the client's appetite for change and the market's willingness to accept it (McKee 2004).

Subjectivity & value

McKee proposes choosing an agency is surrounded with subjectivity ('they're nice people', 'they seem to understand our business') and irrelevant value propositions ('they're cheap', 'they're quick', 'they're local'). Clients focusing on the former and agencies focusing on the latter make the problem even worse.

Unclear objectives

Clients' reasons for pitching vary from wanting a range of ideas or quick fixes to establishing and developing a long term partnership over a number of years. Despite this, the majority of pitches are run relatively the same with agencies being provided with lengthy briefs which can cause confusion over the specific solution the client is seeking.

Criteria for the pitch

Regardless of the 'chemistry' factor or the cost marketers need to ask themselves if the proposed relationship can deliver tangible, measurable value to their marketing operation. While the business of marketing necessarily involves ongoing communications with large groups of companies or individuals where wastage and non-response is a significant part of daily life, it should all still be able to be measured.

Resources

'Time consuming and expensive' are two very common criticisms of the pitch process, on both the agency and client side. The more specific and focused on the key result both parties can be, the less wastage in resources.

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factors contributing to selection

In their study of clients and the selection of agencies, Marshall and Na (1994) found the most important evaluative criteria in selecting an agency were:

- cost consciousness,
- interpersonal factors,
- professional integrity,
- empathy,
- managerial skills, and
- compatibility.

These factors were also confirmed in their 2001 paper on a similar comparative study. Fam and Waller (1999) also identified the people factor as important when clients were selecting agencies, specifically described as:

- interpersonal relations,
- integrity and shared purpose, and
- quality of account team.

Termination reasons

Numerous studies cite dissatisfaction with agency performance as the main reason for account switches, more specifically dissatisfaction with creative skills and 'not being close enough to the business', (Doyle, Corstjens, and Michell 1980, Michell, Cataquet and Hague 1992, Michell 1986). Other reasons identified include conflict with accounts due to structural change such as agency mergers, and loss of client market share, (Kulkarni, Vora & Brown 2003).

Dowling (1994) identified four main areas of conflict within agency-client relationships that are the possible cause of termination: a creative issue - style of campaign; a success/failure issue – campaign effectiveness; a cost issue – cost of a campaign; and an interpersonal issue – client service.

Henke (1995) stated reasons for agency changes which are given by the client in retrospect may not be an accurate reflection of the actual agency evaluations as they evolved in the process of deciding to terminate the earlier agency relationship.

Findings of the Henke study suggest the initial focus on creative skills, which may have attracted the client to the agency in the first place, shifts dramatically to a focus on performance dimensions involving the agency's ability to get results for that client in particular, not for clients in general.

It is also suggested by Henke that the post-switch interview is more likely to reflect the reasons for hiring the current agency (creative potential) rather than the reasons for dismissing the former agency (lack of strategic follow through and attention to their particular account), giving the mistaken impression that creative failure motivated the split.

These studies are often found in papers aiming to find the warning signs for agencies to look for in their clients' behaviour, prior to the decision to review the account or switch, rather than find the key relationship factors that enhance satisfaction.

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what drives satisfaction?

What drives satisfaction in an agency-client relationship? Triki, Redjeb and Kamoun's (2007) study to help determine the reasons behind success and failure of the relationship between client and agency and their determinants concluded two factors seem to have importance for attaining successful relationships.

The first is social distance between the agency and the firm and the second is an attitude of benevolence, which reinforces Kaynak et al (1994) and Prendergast et al (2001) findings where client orientation and social exchange may have pre-eminence over functional qualities like creativity and service delivery.

Prior to Lace's (1998) study much research had sought to identify correlation between specific variables, which Lace describes as a restrictive form of statistical correlation because in reality there is often significant interaction between the variables on outcomes.

In order to address these issues, Lace thoroughly explored clients' actual experiences of working with their agencies, and in doing so attempted to get to the centre of the client-agency relationship, enabling the prioritisation of factors which really drive client satisfaction.

In his study, Lace indentifies a number of factors that have an effect on performance measures of current client agency relationships and highlights in Table 1 the factors that have a positive effect on three or more performance measures.

Table 1. Factors with positive effect on 3 or more performance measures. Showing influence on client satisfaction by current client status.

Dimensions Factor	Marketing objectives	Brand standing	Creative output	Value for money	Service excellence
Agency Management: accessibility	D		D	D	D
Planners: profundity of thinking	N	D		E	D
Service - Repsonse: prompt service	D	D	E		
Service - Repsonse: willingness to help	D	D	D		
Service - Empathy understand specifics	N			N	N
Creatives producing executions	N		N	D	
Cost transparency/ external audits			N	E	N

Key: N= Positive influence on Neutral Clients, D= Positive influence on Dissatisfied Clients, E= Either Neutral or Dissatisfied.

Example: Improving agency management accessibility has a positive influence on Clients who are currently dissatisfied with respect to any/all of Agency Contributions to Client Marketing Objectives, Creative Output, Value for Money, Service excellence.

By including these factors into the criteria or for consideration during the pitch process, the client is increasing the chances of being more satisfied after the pitch is over.

is satisfaction enough?

In their 2007 study Beverland, Farrelly and Woodhatch, propose improving the longevity of agency-client relationships goes beyond satisfaction and relates more to how 'proactive' an agency behaves.

Despite meeting requests well and the client being satisfied, without proactivity, the relationship is unlikely to survive account reviews. To help define proactivity, the study outlines the four characteristics of agency proactivity and the tactical and supportive factors of implementing a proactive stance.

Characteristics of agency proactivity

1. The idea is agency initiated
2. The proposal/idea involves horizon expansion
3. Advice or suggestions encourage strategic reflection
4. Behaviour acts as a signal of relationship commitment

Tactical and supportive factors

1. Credibility – sincerity and well grounded suggestions
2. Multiple communication channels – both informal and formal to identify areas for improvement as well as offering solutions to client problems ahead of time.
3. Relationship commitment
4. Resource support

This research supports a more collaborative style of relationship that clients are seeking with their agencies. Many clients also want collaboration not just with one agency but with a range of agencies and suppliers, resulting from more integration across channels. The characteristics identified in determining proactivity are similar to those collaborative attributes that have been found to contribute to successful relationships (Lehtonen 2004).

Including case studies or questions relating to how well agencies demonstrate these more proactive or collaborative style behaviours may be the key in securing a relationship for the long term.

Integrated full service or best of breed?

The need for collaboration also relates to the question of whether an integrated full service agency is better for a client or if they are better working with a range of 'best of breed' agencies. Again, there is no one right answer and clients should look at their needs and how well they demonstrate collaborative behaviour themselves before thinking about asking a number of agencies to collaborate on their behalf.

The literature in successful agency-client and business relationships concludes collaboration can create tangible benefits for all parties involved, but there can be more administrative and technological support required before it can work well.

Similar to the factors in selecting an agency in a pitch process, the agency structure will depend on the actual teams involved, their experience, expertise and willingness to work in a range of structures.

Before deciding on 'best of breed' clients should consider:
• If the nature of work is more project based or is it to continually achieve marketing and business objectives across a number of business units.
• The complexity of managing a number of different remuneration arrangements
• Any duplication of administrative tasks and other key functions
• The formal and informal processes required to manage projects, budgets and information
• The issues that may arise from managing various relationships
• Evaluating the performances of a number of agencies
• Leadership of the proposed group of agencies.

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recommendations

What has become evident in researching best practice for a pitch process is that there is no one solution for a client. Clients face a range of constantly changing issues in marketing and finding the right agency to help solve them depends on the particular needs of the client.

There are however, a number of recommended steps clients should always include as the foundations for their process:

1. Prepare the brief and selection criteria only after serious consideration of the objectives of the review.

2. Spend time thinking about not only the objectives of the review outlined in the preparation section of this paper, but what a successful relationship means to them. What factors would be considered important in an evaluation of the relationship, and see how they can be somehow incorporated into the selection process.

If you are really looking for a proactive, collaborative partner to provide strategic advice and challenge your thinking, don't just set criteria within the pitch that focuses on a creative result and day to day management issues.

In addition to these foundations, and based on the research outlined in this paper, a recommended pitching methodology would include:

3. A workshop session to
• Provide insight into how an agency works
• Sense how compatible the agency is with the client
• See how well the agency grasps the client's business problems and market issues
• Give an indication how well the planners or strategy area understands the issues and translates into strategy
• Show how well the agency encourages strategic reflection, or challenges the client's thinking

4. Case studies to be supported by referees
• Examples provided where the agency has initiated successful ideas to clients
• How well suggestions/ideas are substantiated before proposals are provided
• Examples that show a clear understanding of a client's business goals

5. Questions
• Regarding the formal and informal processes they find work best within their own agency
• How they prefer to collaborate – rather than how a client wants them to

6. Only taking about 2 or 3 agencies to the creative brief stage after these initial stages

7. A scope of work that can be resourced against, to see who, within the agency, will be working on the account and how often.

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