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## Procurement And CFOs: Here's How The Ad Industry Can Better Use The Freelance Economy For Big Savings And Better Brand Servicing

BY ANNE MILES ON JULY 6, 2021

THOUGHT LEADERSHIP

*We're seeing more freelancers than ever in marketing, media and advertising. The freelancers in the industry have often been used by big agencies to help resource overflow, pitch work and to help with skill specialisation but always behind the scenes and with plenty of margin added. The world is changing and the way we use freelancers has changed. And the freelancers, the agencies and the brands are better for it.*

### Ad agency model

Typically an ad agency scopes a project based on working with their full time employees including the usual overhead loading of 1.6% to even 4% multiple to cover their admin team costs, recovery on scoping and pitching and to cover those time sheet write offs that come about for a myriad of reasons including mistakes, over servicing and recouping losses made on other brand's work. The freelance community tends to be hired in the back room by the hour and the day. They're invisible to the clients and come for a short burst and pretty much disposable. Much of the freelance community is happy to do this work because they get a day rate without too much focus on any KPI's or outcome. The agencies tend to have the volume of the big brand work and some of the work is quite creatively rewarding too (something that money never can compete with).

The agencies can often resource their client's work or pitch work cheaper using freelancers than using their own existing workflow process and junior teams without category experience, without the experience of knowing what wins a pitch and the many layers of people who touch every project in an agency makes the write off too big to bear. Freelancers do enjoy this kind of work except for the fact that they help the agency win the account but never get to work on it ever again, disposed of until the next pitch.

It is difficult for big agencies to focus consistently on pitch work when their everyday client workflow takes precedence too. Their people can't always resource the right steps at the right time to ensure the best work gets done in time. That's why we see late nights and weekends for many agencies as their way of keeping pitch work flowing in.

As a business coach for creative industries for many years, I could see the only accounts that seem to benefit from this traditional agency model are the volume clients. Similarly to a big film visual effects house servicing big blockbuster movies using talent with siloed skills in a big pipeline helps agencies cope with the big flow of work. Accounts that have smaller budgets or want their budget to go further don't really fit this model these days. The downside is that even for big jobs you are paying for a bunch of people to touch your project and the clients end up paying for more people than they could resource by other means.

The telling tale here is that agencies use freelance talent regularly for pitch work, showing the outside world that they can resource cheaper and with more specialised support than in-house. Yes, for overflow and 100% focus on that piece of work without the distraction of other client work.

What if the agency model changed though? Imagine that the freelance market could be assigned to clients in clusters of committed and loyal workers who collaborated in small and efficient pods on an ongoing basis. The agency would have a core team who are paid to wrangle the team and get the best out of them (whether retained or by project). The agency would be able to resource with many of these pods designing a handpicked team to suit the exact needs of each client and only using the resources they actually need. The big clients might have a pipeline approach but the mid to smaller ones may have a committed pod of multi-talented people and it could be a mix of internal and external people depending on the regular workflow versus spikes in project based needs. The efficiencies become evident, the client gets a better match for skills and better aligned category experience. The freelance team would be likely to enjoy the idea of a retained, but not full time client, and the work they do on pitch can eventuate into an ongoing relationship that they can invest all they have into. So, here we have clients getting a better skills alignment, less overheads to pay for and less people they don't need.

- High touch service model
- World's top solutions usually to global standards
- Expertise to meet deadlines and get the right outcomes
- More expensive by comparison to other models
- Freelancers used intermittently and invisible to the clients (that also means experienced people can come up with the ideas but the people implementing are very junior and lacking experience or category knowledge)
- Usually resourced through the same pipeline for all clients of all sizes that suits the big brands but not so good for mid tier to smaller brands – a one size fits all approach
- Paying for multiple people touching the account at all levels – aligning multiple account managers to mirror the client's internal structure, creative director overseeing a group head and multiple creative talent regardless if that's what the brand really needs



- Slower process from brief to inception, \*typically (some amazing new and responsive brands doing very fast work and growing new workflows in social media particularly whether in-house or with agency support)
- Master/servant mentality often with clients holding the funds over the agency, and often not paying efficiently.

#### Freelancers direct:

Some businesses are choosing to do more in-house and engaging the freelance community directly. Sadly the downside is that the people doing the hiring don't have the specialist understanding of art buying, creative project managing (true project managing and not just talking to people working on a job), and traffic management (making the right things happen at the right time for best value outcomes, best creative, catching problems before they happen, designing opportunities and keeping the team happy). This is like buying the strategic, creative, production and tech people at wholesale. The savings can be huge compared to a big ad agency and often less than half the budget in my experience (sometimes as much as 65% we've been told by clients anecdotally).

The downside for this model is the added pressure on the internal teams and the cost to business is often not factored in, and the invisible costs their lack of understanding brings to the projects (and the freelancers would be too shy and with self-interest to ever tell you either).

Freelancers can be used to inject certain skills that the in-house team don't have or do campaigns at seasonal times.

Many brands that have started taking on in-house work are starting to revert back to outsourcing, so it isn't for everyone.

- Wholesale buying power
- More control in-house
- Projects resourced with skills match and category experience
- Only pay for what you use
- Freelancers are hard to find and often the internal team rely on referrals by people without true art buying experience and often don't get the best fit talent for it
- Project management skills are often not adequate
- Clients start impacting the creative without the usual filters agencies hide them from
- Wastage, inefficiencies and talent with self-interest can sell things clients don't really need
- Responsibility for overruns lies with the internal team
- Extra load to the internal team

#### The virtual agency:

There are more new models being introduced with a core group of people either as a collaboration of individual consulting practices or a core admin and account management team, sometimes even a creative director lead and then the freelance community becomes the way these agencies deliver the work. This is a hybrid model of sorts and the efficiencies of the freelancer community does often travel through to offer good value to the client because of the lower overheads and capitalising on a remote workforce – providing those efficiencies are passed on to the client and these agencies are not trying to mirror the traditional big ad agency model that is.

- Core team for consistent account management
- Maximising the specialisations of the freelancer community to best match the job and the client needs
- Potential for savings in overheads to be passed on to the client
- Risk that savings are being retained by the agency and not passed on to the client
- Freelancers are often hired by the day or the hour and not necessarily an ongoing relationship with the client (sometimes not even exposed to the client)

#### Crowdsourced marketplaces:

Big online marketplaces like 99Designs, Freelancer.com.au, Fiverr, Upwork and similar are gaining more popularity because of the ease of working in a controlled system and the super low cost. Some of these platforms are suffering reputation damage due to the fact that the talent is often just unproven, language barriers, don't work with technical compliance, and not always using the right software for the right time causing some professional talent to have to redo the work later on – and while low cost often low care. The marketplaces are starting to do more projects rather than sticking to just individual tasks to help solve the problem that many who use these platforms, like the small business owners, don't know how to buy and project manage creative services and having multiple freelancers working independently can cause problems pulling a consistent campaign or brand outcomes together.

Being a user review system the ratings have a lot of weighting, but for the professional community these ratings are made by people who don't actually know the difference between good creative, tech services or bad work. The online (out of 5 stars) reviews can be negotiated between both parties as a way to get out of the project without each being reviewed badly by each other, giving a fake review for the sake of saving face (yep, negotiated that myself to get a bad worker to move on).

Many super small businesses are using these marketplace platforms and many are quite happy with that. Many don't know the difference in service quality either! If something goes wrong, at the end of the job there is a way to request mediation and a system to get your money back if the work is not what was promised (sadly after the fact though). That's a good system for smaller businesses who don't know where else to go.

- Low cost
- Central marketplace
- Mediation services
- Problems don't always have advance notice and deadlines can be missed
- Unproven talent (sometimes even unskilled)
- Reviews from unskilled clients
- Clients don't always get what they need, but always what they ask for
- Generally task based, not campaigns or bigger projects
- Risks breaking down brand integrity

#### Freelancers in a facilitated model:

So far, Suits&Sneakers is the only model operating this way. You have a hand-picked freelance team and that can be for a short-term task right up to a big campaign and ongoing activity regardless if it is strategic, creative, production, tech or research. The team can be for one off tasks or assigned to the business for the long haul, simulating the ad agency full-service model, but without the overheads. The team can sit in your office, use a temporary space just for the project, or work remotely. Thankfully the world has finally understood the value of remote working and this has become the norm. The reduced overhead fees

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Further to the sudden passing late last year of Nigel Wardropper, Founder of PASA, we have renamed our Annual PASA Awards "The Nigels" as a memorial to him. This year there will be three procurement award categories. [pasapremierconfex.com](http://pasapremierconfex.com)



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transferring directly to the client with the at cost and not project fee way or scoping and working (no time sheets that is), Suits&Sneakers is agnostic – working for whoever needs the talent and outcomes; and supports agencies to be more efficient, for pitches more cost-effectively with top talent, better skill match, for brands who work in-house too and for brands who don't.

The freelance cost efficiencies are maximised, but the projects are resourced as you need them with dedicated account managers, project managers, art buyers and traffic managers mirroring the important roles adding value in the traditional ad agency model. The whole team and their budgets are supervised so you have someone there to help flag issues before they occur.

The Suits&Sneakers model requires clients pay their accounts upfront and the funds are released only when agreed milestones are met and both sides deemed to have done what they have agreed. That's both sides accountable to arbitration and mediation equally, with Suits&Sneakers operating as an advisor and eagle eye to watch out for potential mistakes and potential efficiencies. This protects the freelance workers in a new way too.

The model is Cost-Plus which means you only pay for what you use and are charged a facilitation fee on what you use.

Regardless if you are a small brand or a big one wanting creative projects and marketing outcomes you get the team you actually need.

All parties are required to work fully transparently on Monday.com with Suits&Sneakers watching over to see that things are on track for everyone. There is no hiding the creative process behind the client's back being filtered as a traditional ad agency might, and the savings in revision rounds also transfers back to the client here too, giving the client more hands on control of the creative process at the same time. If the client is high maintenance and wanting more rounds of changes outside scope, then they pay for that privilege.

Having skilled people who are in the top echelon of the world's best, often might have a higher hourly rate than the typical ad agency might charge but at least you are paying for the expertise directly on the job and with the efficiencies of the entire model the overall cost to the job is more likely up to 50% of the cost and a better outcome because of the expertise and the short communication lines. So, in other words – better people, cheaper. The nimble team make up and the flexibility to use multi-talented people means there are efficiencies in the workflow compared to the big agency pipeline (one size fits all) approach. That now becomes – better people, cheaper, and faster workflow.

With Suits&Sneakers able to resource all types of marketing projects there are no multiple layers of margins where an agency would hire a film company, who would hire an offline edit service, who would hire a post house, who would hire a VFX house and also then hire freelance talent at the bottom of the chain and mark up at every touch point. That's many businesses taking a margin that the clients end up paying for. Suits&Sneakers enables a flat structure with all freelancers at the top level as equals, and no company overheads. Multiple layers of margin are removed.

This model is not likely to fit in the traditional procurement process where the procurement officer asks for rates and a service description as if the team is sitting there on hand like an agency trying to sell what they do. With a database of 17,695 talent that's a giant rate card too hard to provide.

This is a customised service with no vested interest in any outcome and every single marketing service available under the one roof (except paid media – clients must pay all media directly to avoid risk of commissions and vested interest in any recommendations). As a result the traditional procurement process just won't apply here. The only way to compare value is to have a particular project or service need scoped up competitively to compare apples with apples with a collaboratively chosen team.

- High touch service as needed
- Hand-picked pre-approved talent (top global talent who are 'big brand worthy')
- You choose your own team (all talent profiles are without gender, background and age revealed)
- Maximising the freelance wholesale buying
- Flexible teams or hiring individuals as needed
- Support to in-house teams taking more control
- Account managers and professional art buyer or traffic managers assigned to projects
- Supervision to capture problems before they occur
- Independent supervision – clients are equally accountable as the talent community and no master/servant mentality allowed
- Funds managed in escrow-like milestone management to protect both sides
- Contracts and agreements between clients and workers to protect all parties
- Suits businesses of all sizes but most value to those who have an agency or about to take on an agency and know how the workflow usually works
- Doesn't suit small solopreneurs and small business owners who are not used to paying for top talent (probably will prefer cheap services like online marketplaces)
- Doesn't suit high volume giant brands who need a big agency pipeline long term
- Suits agencies wanting to find new ways of working to reduce their own overheads and improve category experience and skill match – resourcing only by what they need when they need it
- Suits agencies and industry suppliers who want to add to their internal capabilities without the overheads (white label model)
- A good collaborator for industry suppliers who want to retain the control of the client relationship but resource work that is not in their normal portfolio
- Supports small agencies and industry suppliers who need their marketing done for them
- Head hour rate checks don't work – you need to choose a specific team at a specific experience level, have a specific brief and scope a real live project to see the value

There are 'horses for courses' as they say and all of the industry models above suit different businesses for different reasons. The best solution is to have a discussion with those that might apply and competitively bid a genuine project to maximise the value of your budget. If you need objective support you can talk to a "Pitch Doctor" like the likes of TrinityP3 or similar who help align clients and industry suppliers with an objective position.

For project-based clients the best bet might be to give a small project a go and experience the difference for yourself.

Anne Miles is the founder of Suits&Sneakers, a global network of top pre-approved marketing talent.



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#### ABOUT AUTHOR



##### ANNE MILES

Anne Miles is an award-winning marketer and founder of Suits&Sneakers, a global network of top independent talent for marketing, media, and advertising in a new model full service facilitated and supervised process. Anne is passionate about fixing some of the big issues in media, marketing, and advertising and an advocate for equality. Anne uniquely has decades of experience across most areas of the marketing industry enabling her to keep an eye on all facets of the industry to ensure best practice. Some call her the "Marketing Police"... and she's fine with that.

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