

Financing an agency

A best-practice guide to agency search and selection that delivers win-win on both sides



Introduction

Finding a new agency can be exciting, offering new opportunities, new faces and new and innovative ideas. But it can also be daunting. Finding the right talent, chemistry and shared culture and values with an agency is no easy task, particularly for a busy marketing department.

So while you may embark on the selection process with a spirit of optimism at the thought of a fresh start, ensuring the right decision is made will always be a concern. As a result, the search process may become over-bureaucratic, lengthy and costly for both sides.

For an agency, pitching and winning a new client can be one of the most exciting and fulfilling aspects of agency life. There are financial rewards but also emotional and psychological benefits - winning creates momentum internally and externally.

However, agencies are realistic and appreciate that the chances of winning every time are negligible. Therefore, they judge the likelihood of success and build this into their calculations, investing in the process accordingly.

This is why best-practice guidelines, to steer both parties, are so important. The recommendations in this guide have been created with the aim of helping to develop a pitch process which is focused on delivering a fair and transparent approach, that all parties will benefit from.

In simple terms, we hope this guidance helps clients to create a bespoke process that enables the screening of the right number of agencies, at clearly defined stages, providing plenty of choice of talent without asking agencies to incur excessive costs.

A well thought out, defined process should also allow agencies to make informed decisions on which pitches to take part in, based on a clear understanding of the client's requirements and the pitch process upfront - and enable them to invest their efforts accordingly.

Ultimately, both parties should share the same goal, which is for the process to result in a long-term, sustainable relationship, producing outstanding work that delivers results, builds brands and enhances corporate reputations.

Ten key client considerations before undertaking a review



1. Is A Review The Right Thing To Do?

Having the right agency and talent in place will have a positive impact on your brand and business but crucially, before embarking on a change of agency, consider whether you can make things work with your current agency. You should be confident you have made the best efforts to communicate business objectives with them and tried to address any problems and issues via a client-agency relationship review. There are third parties who consult on helping improve these relationships, if needed.

2. Do You Have Full Buy-In Internally?

Once it has been decided that a pitch process is required, ensure that your top management fully endorses it and the key decision-makers are clearly identified and involved in the entire process. Get agreement from all stakeholders about what the requirements are before you start your agency search. Where possible, share stakeholder information and business objectives with the agencies involved so they understand the wider business context and different needs and motivations of individuals within your organisation. A full pitch process will take up a lot of your team's time, so ensure you have capacity, create a dedicated pitch team from the outset and appoint someone internally to 'own' the process.

3. Do You Have A Clear Brief?

It's in your interest to make the opportunity as exciting as possible for the prospective agencies, so invest time and effort in agreeing a written brief that describes the business or brand's current position and sets out clear marketing

objectives, explaining the criteria against which agencies will be judged. It is essential that you include scope of work and ballpark marketing budgets. Agencies need to understand the scale of the opportunity you are proposing before they put time and effort into your review. This will also reduce the risk of agencies coming back with responses that are unrealistic and impractical.

4. What Kind Of Pitch Will You Hold?

Give some thought to the type of process best suited to your business and requirement. To help you get started there are a number of options included later in this guide and at thegoodpitch.com

5. Have You Thought About Timing?

A pitch that drags on isn't good for anyone, but giving the agencies too little time means you probably won't get the best response either. Think about when you run the process during the year; avoid times of pressure internally and busy holiday periods. Look at which other brands are pitching at the same time – if the 'pitch market' is too crowded agencies will struggle to field their 'A team'. Set all of your dates upfront and share these with all of the agencies at the outset.

6. Should You Get 'Outside Help'?

The agency marketplace is always expanding and it moves quickly. If you're not confident in navigating it there are third-party specialist consultants / intermediaries available to help you run your review.

These organisations have in-depth knowledge of the agency landscape. The IPA and ISBA can provide a list of consultants and intermediaries, on request.

7. When Should You Involve Procurement?

Where possible, it is wise to involve procurement from the start. They are experts at process development and can help you create and manage the pitch. Keep them close to the process throughout. This will allow them to have a full understanding of your requirements and the agency capabilities. Procurement can only make a contribution if they fully understand the importance of an agency's contribution to the client's business, and recognise the agency as a business partner, rather than supplier. Consider running the contractual and remuneration negotiations in parallel to the final steps of the process.

8. Have You Checked The Existing Contracts And Considered TUPE?

Check the contractual agreement with your incumbent agency, particularly with regard to the notice period and termination. You should also consider the possible impact of TUPE – Transfer of Undertakings (Protection of Employment) Regulations 2006 – on the termination of a contract. Under the Regulations, any employees who have been 'dedicated' to the client account have the right to transfer their employment (on the same terms and conditions) from the incumbent agency to the new agency (or to the client if the work is being taken in-house). See the TUPE Guidance on thegoodpitch.com

9. How Will You Inform Your Current Agency?

Out of courtesy you need to inform your agency of the review, whether you are asking them to be involved or not. You will need to serve your agency with formal written notice and review your contract for termination provisions. You also don't want someone else in the industry to tell your incumbent agency a review is taking place, especially if you are going to be working with them for a while before the business is handed over.

10. How Will You Handle Publicity?

Prepare a communication strategy about the agency review in advance, including a draft press release and brief your press team, if you have one. This is so that you are prepared to deal with approaches from the trade press if news of the pitch is leaked at any stage. Likewise, agencies may be in touch if the review hits the press, so ideally agree a process for responding and appoint someone to manage this.

Ten key guidelines for agency search and selection



1. Preparations And Background Research

- Create your pitch team. Design a pitch process including a realistic timing plan and engage external help if required.
- Prepare a brief, including an outline budget for the scope of work you will be asking the successful agency to undertake, and key timings. Ensure all relevant internal stakeholders are involved and where necessary any public-sector procurement regulations are followed.
- If you have chosen an intermediary to help manage the selection process, work with them to develop the brief on the type of agency required. Draw up scoring criteria for judging the initial longlist.
- Talk to colleagues and people you know in other companies about their agency experiences, and do some desk/online research for additional information about agencies that might interest you; e.g. through agency websites, trade associations (the IPA website has details of all member agencies).
- The importance of this part of the process is often underestimated. If you don't have the right agencies at the start the process will fail.

2. Inviting Agencies To Take Part: Longlist Stage

- Be disciplined on how many agencies are invited to respond to a preliminary 'Request for Information' (RFI). Asking more than 10 agencies is usually very wasteful of both client procurement and agency resources – and indicates an unclear brief. With the proliferation

of online information available on agencies, many companies now do not require an RFI stage.

- A mutual non-disclosure agreement should be signed before any confidential business information is shared. It benefits both parties and should cover information and materials you supply for the pitch as well as those produced by the agency in response. We have created an ISBA/IPA agreed template for this purpose.
- Hold chemistry meetings or 'speed dating' sessions with the selected agencies from your longlist that match the criteria in your initial brief. Up to 10 can be seen via a speed dating session, but no more than 6 agencies should be asked to prepare extended credentials or 'think-piece' presentations for shortlisting. Any financial contribution should be announced upfront and equal for all agencies.

See thegoodpitch.com for more details.

3. Inviting Agencies To Pitch: From Longlist To Shortlist

- Using your scoring criteria, decide on a pitch list of up to 3 agencies only – (4 if the incumbent is invited). Let the agencies know as early as possible, in order to give them an adequate time frame within which to respond. Four weeks is the minimum time frame to prepare for a full pitch. Take time to give feedback to the unsuccessful agencies at each stage of the process.
- Don't invite the incumbent to pitch, or be seduced into lengthening the list to include them if you have no intention of reappointing them. Be

transparent with the shortlist and the number of agencies on the pitch list.

4. Your Pitch Brief

- Prepare a concise but thorough written brief, supported by background marketing data, research and brand guidelines. Be clear about what kind of response you expect from competing agencies (strategic only; full creative; a workshop; or a trial, for example), being sensitive to the investment required by agencies to pitch. AAR statistics show that only 25% of pitch-winning ideas ever actually run so consider carefully what your brief will require the agencies to do, and why – and ask yourself what your final decision will be based on.
- Be clear about the services that you expect to use within the appointed agency and ensure you consider any impact the pitch will have on internal departments and other external agencies you may already have on your roster who are also responsible for providing any of these services, including any on-site agency/content creation offering or outsourced production.
- Consider sharing all judging criteria with the agencies' including any relative weighting (e.g. strategy, creativity, culture/chemistry, commercials).
- Specify the time allocation for pitch responses. If pitches are to take place at your premises, advise agencies on the presentation facilities available, size and nature of meeting rooms and be prepared to allow them access beforehand.

5. Timelines For Responding To The Brief

- Create an all agency briefing day to launch your pitch brief, including a deep dive into your brand(s) and culture. This provides a level playing field for all agencies.
- Allow sufficient time for agencies to have face-to-face meetings with you to discuss the brief, ask questions and to talk through their initial thinking. Don't underestimate the value of informal meetings in helping you to evaluate the agencies.
- Time must be allowed for development of constructive ideas between brief and presentation. Bearing in mind that full proposals can take months to develop in an ongoing relationship, four weeks minimum is suggested for the development of work for a full creative pitch. Alternative approaches, such as extended credentials, think-pieces, strategic recommendations and workshops can take less time and still be very effective. Ensure you build in tissue sessions to test strategy and provide feedback on early ideas.

6. Managing Agency Access And Q&A During The Pitch

- You should be willing to share, on a confidential basis, your overall business objectives, market data and other relevant research, and you should be willing to allow agency personnel access to staff with whom they would work if appointed.
- Make sure that there is always a specified senior member of your pitch team available to handle all enquiries and meet requests from the

agency so as to ensure consistency of response. Some organisations use online platforms to handle this stage of the process.

- Avoid giving the answers to one agency's carefully considered questions to all the competing agencies (unless those questions highlight important information which should have been included in the original brief or it is dictated you do so as part of a public sector procurement process).

7. Getting The Financials Right

- Negotiating full contract arrangements is an important part of the process and should reflect fair and rewarding terms for both the client and agency. Be clear on objectives and the metrics before getting into the contractual small print, work with procurement to agree key heads of terms before the final pitch to allow marketing complete freedom of choice in the final selection.
- As noted above, ensure that if you do involve procurement, they fully appreciate that agencies are their clients' business partners. They must also understand the work that agencies do and how they work. Contract terms should be reasonable for both sides, and reflect the mutual benefits both sides hope to derive from their relationship.
- The fundamental terms of business (e.g. budget, basic remuneration and IP ownership) should be addressed in a Heads of Terms agreement.

- Formalise contract negotiations with the winning agency based on the ISBA/IPA Creative Services Framework and ensure final contracts are signed by all parties. Allow sufficient but not open-ended time for this negotiation to take place.
- If you have fixed terms of business which are not open to negotiation (a position not endorsed by ISBA or the IPA), then these should be declared upfront and in full, to make sure the competing agencies are clear on the terms under which the contract will ultimately be awarded.
- Avoid using e-auctions to procure marketing services, as this drives down both prices and the value you will get from your agency.
- When it comes to contracts, the process will be much more efficient, quicker and cheaper, for both client and agency, if best practice is followed. Contracts should be reasonable, reflecting the 'business partners' relationship between the parties, and agencies should be given time to review and comment on them. Examples of some practices which are likely to be unreasonable include; setting unreasonable/unrealistic timeframes within which agencies must provide comments; insisting that agencies agree to accept the contract without negotiation or face exclusion from the pitch; limiting the number of comments agencies are allowed to provide; and issuing pre-pitch statements requiring agencies to agree to key contractual principles as a precondition to their participation in a pitch.

8. Evaluating The Pitch

- Building on your initial scoring criteria, establish an objective evaluation system for assessing each pitch presentation and ensure all decision-makers have been fully briefed.
- Keep the team joining the pitches consistent to ensure a fair and concise judging process. Advise the agencies of job titles and roles of those attending as early as possible.

9. Decision

- Decide on the winning agency quickly; normally no more than one week after all the agency presentations have taken place.
- Establish a structured procedure for notifying both successful and unsuccessful agencies of the decision. Ensure you tell the 'losing' agencies first.
- Ensure that all participating agencies learn of the result on the same day, to ensure that the losers do not hear the bad news first from someone other than the client.

10. Key Guidelines On Implementation And Relationship Management

- After the review, give the unsuccessful agencies the courtesy of full feedback; a 'feedback form' is available at ipa.co.uk
- The IP of unsuccessful agencies remains with the agencies. The IPA encourages agencies to register their work under the pitch protection scheme to avoid any confusion.
- Honour the incumbent agency's contract, particularly with regard to the agreed notice period, payment of outstanding invoices and any TUPE considerations. Ensure that they co-operate fully in a handover to the new agency, making sure that all materials belonging to you are handed back in accordance with the contract.
- Agree KPIs, reporting structures and an onboarding process over the first 100 days to ensure a smooth transition. Welcome the winning agency into the start of a long-lasting and mutually rewarding relationship. There is useful guidance on setting up the relationship for success in the first 100 days, this can be found on thegoodpitch.com

Pitch principles



1. Dare To Be Brave

Finding a new agency partner needn't automatically lead to a full pitch process. Explore alternative ways of pitching that could be more efficient and effective for your business and for the task in hand. Many pitch alternatives allow you to reach a decision just as effectively and, crucially, without losing the objectivity and rigour you need.

See thegoodpitch.com/alternatives for a full overview of alternative pitch processes.

The best agencies will decline or pull out of a pitch they know they can't win, saving themselves and the client wasted time and money. The best clients are similarly brave in eliminating agencies along the way - including the incumbent, if they have no (or a very small) chance of winning.

2. Openness And Transparency

The more an agency understands about your business and what you are looking for in a partner, the more meaningful a response you are going to receive. There is often an unnecessary amount of secrecy around a pitch, which ultimately makes it more difficult for agencies to deliver a meaningful response.

For example, allowing pitching agencies the same access to your business as your incumbent is guaranteed to improve their pitch response. Consider sharing the list of agencies on your shortlist - this adds helpful context around what capabilities or culture of partner you are looking for. Sharing timelines and potential budgets means you will get a response to your brief that can be created in time and on budget - you can still negotiate!

3. A Pitch Process That Reflects Your Way Of Working

A pitch brings a huge amount of disruption to your business, as well as that of your shortlisted agencies. But once you've decided it's the right path, the most fruitful pitches are those that reflect the ultimate (desired) working relationship as much as possible.

For example, if senior decision makers will be actively involved in the relationship, then ensure they are involved throughout the pitch process (at all key stages including tissue meetings). Agencies naturally work collaboratively and need to do so as part of the pitch process in order to deliver the best response for you. If you typically work by involving lots of stakeholders in your decision making, build that into the process. Agencies get to understand you more, and you can see how well they can adapt to your particular brand's way of working.

4. Know Your Criteria

The best way for you to evaluate an agency's quality of thinking, creative, response and work ethic is if you are very clear on what criteria you are going to use to judge them.

Agencies will work hard to surprise and delight you along the pitch journey, so consider sharing the criteria with them so they respond against all aspects you need in order to reach a decision.

5. Power Of Collective Action

The IPA and ISBA have created mutual pitch principles. Signing up to them will give you the best chance of finding the perfect agency partner for you. At the very least remember the following pitch principles:

Transparency. Respect. Bravery. Communication and Access. Timing. Working Together.

Visit thegoodpitch.com to find out more

Pitch models



There is no 'one size fits all' approach to pitching but the most common process involves all or some of these elements:

- 1. Creds/RFI/RFP** – initial request for information from the longlisted agencies, often involving a strategic answer and relevant case studies, after which a shortlist of agencies is then compiled.
- 2. Chemistry meeting** – an opportunity for both the client and agency to test chemistry and get to know each other, after which a select number of agencies are invited to pitch (no more than 4 including the incumbent).
- 4. Briefing & Q&A** – usually face-to-face often an all agency pitch briefing day (with all agencies taking part).
- 5. Tissue meeting** – midpoint meeting to discuss initial thoughts on strategy and/or creative and client feedback
- 7. RFP response** – often due a few days before the pitch itself (requirements may include an overview of pitch work) and more detailed agency information including fee proposals
- 8. Pitch** – final presentation of fully worked-up ideas
- 9. Follow-up & commercial negotiations** – with the agency/agencies who are being considered
- 10. Award business**

Alternative Pitch Models

This traditional all-encompassing pitch model can be expensive and time consuming for both parties. Below are some recent real-world examples of how clients and agencies are readily adopting a shorter, more time and cost-efficient process.

Chemistry Pitch

The client makes their decision on who to appoint after the chemistry meetings, effectively enlisting an agency partner to then work with on developing the overall scope of work and the 'big idea'.

Tissue Pitch

This approach works well when the client wishes to quickly explore an agency's creative and strategic capabilities against their brief but does not require a fully worked-up creative or media solution.

No Pitch, Pitch

This option tackles the regular scenario of clients and agencies going through a full competitive pitch only to see the incumbent agency be re-awarded the business. In a No Pitch, Pitch only the incumbent agency is asked to re-pitch for the business, as if it was a brand new potential client opportunity.

Workshop Pitch/Pitch in a Day

This is a useful process for really understanding how an agency works and thinks in an immersive way with the client actively involved. It gives clients a really strong indication of the culture and capabilities of an agency, and whether you are compatible. The best workshop pitches have the client and the agency team brainstorming together. However, clients can instead step back from the brainstorming and observe the agency whilst they work.

More detail on alternative pitch processes can be found at thegoodpitch.com

For more information

For details of consultancies and intermediaries who offer help with pitches, please contact ISBA or the IPA.



ISBA.ORG.UK



IPA.CO.UK