



Agency selection

Recommendations
for advertisers and agencies

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1. Foreword by the General Managers

Advertising makes a brand and is thus a central tool in any sustained marketing strategy and in protection against trademarks.

In many companies marketing communication is one of the biggest investments and, like all commercial disciplines, must bring a return on investment. Using modern methods, this return on advertising can be measured. But at the start of the process come people, both on the client and agency side.

The General Managers of the most important associations for brands and communication, the Organisation of Brand Advertisers within the German Brand Association (*Organisation Werbungtreibende im Markenverband - OWM*) and the German Association of Communication Agencies (*Gesamtverband Werbeagenturen - GWA*), would like to use this paper to present joint professional rules for agency selection.

For the German Brand Association and the OWM
Frank Schübel

For the GWA
Uli Veigel

2. Preamble

If you are looking for an agency, you can use various tried and tested channels. We advise advertisers as follows: think whether you want to launch a competition at all.

Changing an agency is equal to changing a company's top management. It commits considerable resources to the search and familiarisation process and significantly changes the climate of collaboration in the marketing team.

That is why we recommend – analogously to cases of serious staff redundancy – that an attempt be made to see whether relations with the existing agency can still provide opportunities of successful collaboration.

Collaboration is at its most successful when there is a fruitful culture of argument. It is not uncommon to find that rotation of a few agency staff to other jobs, a disciplinary approach to marketing staff, and a warning conference among the managing directors is enough to provide a second chance.

If there is no longer any proper basis for collaboration left, however, then as a rule not even a pitch will help to keep the old agency employed.

When it comes to a pitch it will be found that a measure of this kind not infrequently commits two people for three months, a time in which they are not available for daily business. And a period of several weeks needs to be time-tabled during which the selected campaign must be modified and realised.

2. Preamble

Therefore, if there is a pitch at all, it should be held at less work-intensive times.

A change of agency, and the change in campaign connected with this, often have a considerable external effect and confront every brand with a high – often hazardous – potential for change.

That is why the whole Board of Management should be involved not just in the decision-making process, but also in the briefing and the selection of agencies invited. Pitches should always have the attention of the top management.

Decision makers should feel free of prejudices or preferences. It often helps to involve colleagues from a different sector, since they can provide neutrality and openness.

3. Objective

Both client and agency know:

That the search is for a communicative business-building partner

- which looks on itself as an expert on brand management (communicative corporate management) and aims to provide joint solutions,
- on transparent terms and conditions which ensure sustainable service, representing for both business partners a meaningful, profitable relation,
- which works to raise efficiency,
- which works to raise effectiveness (communicative outcome, market result, brand development).

The following is a general rule: the cheapest (dearest) offer is not necessarily the best.

From the client's point of view, the following are the relevant qualitative criteria of decision:

- the quality of the agency team
- the breadth of services
- the agency's national / international presence
- the agency's profile
(consultancy, creation, planning)

3. Objective

From the agency's point of view, the following aspects are vital:

- mutual respect
- fair terms and conditions (with opportunity of correction over six months)
- Sustainability
(minimum two-year contract)

4. Process

Guiding idea

The decision-making process should be so organised as to ensure maximum objectivity. This is provided by maximum transparency.

The client will

- Name his decision-making team
- Set the procedure
- Draw up a realistic timetable

The client will define the framework conditions:

- Scope of contract
- Projects
- Staff needed (quality / quantity)
- Duration
- Financial corridor for agency income
- Results sharing
- Method of work (internal workflows)

4. Process

Long list

Drawing up a long list, ideally seven to ten agencies, is the first step in the search process. This involves identifying those agencies which are primary candidates for the job.

A presentation of credentials may be desired during this familiarisation stage, in which the agency provides a self description (positioning, size, staff, clients, marketing tools, internationality, case studies etc.).

This is obtained by studying particular agencies. Associations, among other sources, can help in this process, since they can provide information (see Annex). The agencies on the long list will have an opportunity to make a personal presentation, featuring the teams responsible for managing the account (chemistry / qualifications). The agency should not be expected to provide anything specific by way of content; nor consequently should any such content be assessed or paid for. Such a presentation will not usually address any of the client's specific problems.

Selection criteria

- Profile (creation / planning / consultancy / media / online / offline)
- Resources / size of budget
- Network / owner
- Restrictions on competition
- Transparency in weighing up costs and benefits
- Timing

4. Process

Pitch list

Based on the long list, a smaller selection of agencies will be invited. These agencies – as a rule, three agencies plus the account holder, to give an absolutely fair opportunity of defending the account – will be briefed for the competitive presentation.

5. Briefing

The agencies on the pitch list will receive an identically worded task list (briefing) for the competitive presentation. The following topics have proved helpful in structuring the briefing:

Marketing

- Description of marketing strategies
- Aims long-term and short-term
- Positioning of product

Competitive situation

- Market position
- Source of business

Product description

- What is the consumer / end consumer buying?
- What is the USP of the product or service?
- What are the decisive selling arguments?

5. Briefing

Target group

- Social-demographic description
- Potential size
- What does the customer know today about the product?
- What are the decisive purchase criteria?
- What are the existing blocks / prejudices?

Aims of communication

- What should the communication make the customer think?
- What should the customer then do in concrete terms?
- What is the central justification for this?

Means of communication

- What is to be delivered?
- What are the compulsory elements, what is optional for the presentation?
- What are the framework conditions governing execution (e.g. CD / CI)?

It is best to define this in the interests of better comparability of presentations.

5. Briefing

Budget and media

- Marketing and communication budget
- Media objectives (plus possible framework conditions)
- Duration of campaigns
- Framework conditions for agency fees

6. Guidelines for presentations

Presentation

- What is to be presented, and how?
- Duration?
- Members of decision-making team?
- Criteria of decision

Timing

- Development process
- Realisation

6. Guidelines for presentations

Additional information

- Market-research results
- Contact persons for subsequent queries
- Notes for the agency for better orientation in the market

Pitch fee

In the interests of a fair business-building partnership, all service providers involved should be reimbursed for their expenses,

- covering at least their technical costs, travel expenses etc.,
- covering a proportion of their working costs

and thus reflecting the work performed by the agency.

Rights (copyright)

The agency will continue to enjoy all rights to the ideas, texts, illustrations and designs presented, and to other components of the presentation, providing it does not win the pitch. The Client will remain free to purchase parts of such a presentation in consideration of an appropriate fee by agreement with the agency.

The winner of the pitch will regulate the transfer of rights through a contract with the Client.

7. Rules of the game

Ten rules for advertisers

- Consider whether a competitive presentation is the best selection tool. Other methods are often more efficient, e.g. testing by means of projects.
- Two-tier selection process, using a long list and a pitch list.
- Communicate clearly, openly and simply.
- Always provide concrete, transparent facts.
- Ensure equal conditions for all participants (including transparency about other participants)
- Always explain the briefing personally.
- Always allow re-briefing / sideways view
- Realistic framework conditions (four to eight weeks for strategic-creative presentation, two hours' time per agency per presentation)
- Agree confidentiality in writing.
- Show the proper attitude of a partner even at the briefing stage.

7. Rules of the game

Five rules for agencies

- Use briefings for questions and discussion, not just to leave a good impression behind you.
- Presentations only by staff who will later have responsibility.
- Only work with resources which can be produced should you win the competition.
- Always reveal critical points.
- Negotiate terms and conditions jointly, do not sign every contract

8. Aids to decision making

- Assessment criteria
(quantitative/ qualitative)
- Participation by all major decision makers

Note: should two agencies be neck and neck, the winner will be chosen through market research and/or a further task of work.

8. Aids to decision making

In practice the two following criteria of assessment have proved reliable:

Example 1: Score card

Maximum 100 points to be awarded

max. 40 points

Impression of agency

Management style /
staff / culture

Understanding of problem /
affinity /ability to learn

Strategic recommendation

Critical
discussion partner

Work processes

Internationality /
integrational momentum

max. 60 points

Creative realisation

on strategy

Consumer insights

Idea (simplicity, clarity,
sympathy, displacement
power

Role of product/brand

International / integral
coordination

max. 20 points

Conditions

Complete offer

Price level

Tailor-made
compensation
model

Complete scope
of contract

Exclusiveness

Transparency
Investment in
collaboration

Assessment matrix for pitch presentation ample

Ex-

Point scheme: points from 0 to 4 0= No thematic subject; 1 = weak; 2 = satisfactory; 3 = good / 4 = very good

Agencies Agency 1 Agency 2 Agency 3

Understanding

- Briefing
- Communication strategy
- Core performance in business area

Create design

- Creativity (**double points**)
- Clarity
- Simplicity
- Consistency
- Explanatory method

Presenting the "client's view"

Adaptability of creative idea

- to other topics / products
- to other countries
- Estimate of realisation costs

Potential for networking

(Managing agency network (realisation world-wide)

Overall impression (double points)

Total points:

Date:

Name:

9. Information on results

Information should be provided to the following, in the order given:

1. Company (internally)
2. Agencies
3. Press

10. Support

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Specialist information about agencies can be found in the GWA Year Book and the GWA Search Agent (www.gwa.de).

You can find agency contracts in the following publication: Eberhard Kolonko, ***Contracts with communication agencies***, Frankfurt, 2005.