

■ PITCH GUIDELINES

This document provides a recommendation aimed both at clients as well as agencies and is part of the set of “**best practice documents**”, adapted for the Romanian market, having as starting point similar documents drafted by the **European Association of Communication Agencies (EACA)** in partnership with the **World Federation of Advertisers (WFA)**.

■ All provisions in this document are provided as recommendations and are not intended to secure commitments from any of companies that chose to select their communication agency, nor for the agencies that chose to participate in a pitch selection process.

PREAMBLE

Representatives of the Romanian Advertising Association (UAPR), as well as clients' representatives, members in the International Advertising Association (IAA România) cooperated in the drafting of this version.

The process described below is considered to represent the optimal recommendation, as detailed in the international papers that this document was based upon.

On a competitive market, both clients and agencies make best efforts to strengthen and improve their relationship, as well as to foresee potentially irreconcilable issues before they arise.

Experience has proven that long-term commitments between clients and advertising agencies led to the healthy growth of the brands. The knowledge and expertise acquired throughout a stable business relationship often result in solutions which are more appropriate for the challenges generated by the evolution of the market.

Sometimes, however, the relation between the client and the agency is no longer functioning. Unsurmountable divergences may appear between the agency and the client, or the client simply wishes to reassess the offers on the market. In such conditions, it is absolutely normal for clients to call for competitive pitches.

This procedure requires both time and money from the client, as well as from the agency. A faulty process may result in unproductive solutions, whereas calling a pitch again means additional expenses, quantifiable in money, human resources and time and it may also result in a negative impact on the brand performance, due to the lack of coherent communication.

Any negotiation process naturally refers to two entities, which meet in the hope of a "win-win" solution. A client-organized pitch may bring together several advertising agencies who will each try to win the competition, by persuading the client that they are the ideal partner in this win-win equation.

Such a process enhances the chances to succeed only when parties negotiate in good faith and when the client clearly quantified their expectations and communicated them, without discrimination, to all invited agencies.

For this reason, these recommendations are communicated equally to the advertising agencies, as well as to the clients that wish to maximize the results of their pitch processes.

The following recommendations are not mandatory, whereas this document does not claim to set any imposed rules. Putting into practice these recommendations however brings significant benefits for the companies that use them, as well as encourages competitiveness and professionalism in the advertising industry, thus avoiding some traps with many unwanted consequences.

These recommendations are meant as a set of guidelines and not a set of rules. UAPR considers them to be useful advice, when it comes to following both general principles and the particulars of the local market.

Compliance with the principles included in this document increases the likelihood of a good result for all stakeholders involved: it enables agencies to participate in the pitch with the confidence of success and provides clients the increased chances to select the ideal agency that can fulfill their marketing needs.

SUMMARY OF THE MAIN NOTIONS FOUND IN THE DOCUMENT DRAFTED BY THE ROMANIAN ADVERTISING ASSOCIATION (UAPR)

1

Importance of procedures prior to launching a pitch: the first important step in order to organize a successful pitch is to assign a project team to manage the pitch process and take responsibility until the end of the process. Best practice means putting into place the process, from the start, involving representatives from the client's procurement department, as they are usually responsible to negotiate the contract and the business terms.

2

Defining selection goals and criteria. Developing the brief: The first thing that the project team must do is to define the aim and goals of the pitch and to ensure they have full agreement from all stakeholders, especially from those involved in the final decision. The same brief shall be communicated to all agencies participating in the pitch (including the incumbent agency). The project team, as mandated by the client management team, shall be responsible for the development of the brief, its quality and completeness, as well as all notifications.

The client must set internally and agree upon the selection criteria, prior to launching the pitch, in agreement with the decision-making bodies. The agencies must be informed on the criteria based on which they will be selected.

3

Shortlisting stage: The Romanian Advertising Association (UAPR) recommends a preliminary stage at this point. To this effect, agencies should make available to clients the necessary information to select the final shortlisted agencies. Too many agencies invited in a pitch proves counterproductive and expensive for all stakeholders, and results in inefficiencies during the process and diminish the chances of success.

4

Number of invited agencies: According to international experience, the best number of agencies invited at this stage is between 3 to 5 agencies, based on the complexity of the brief. The number of invited agencies should be notified to all participants.

5

Appraisal system: The pitch winner shall be selected following the appraisal of competing agencies' presentations.

6

The project team shall be responsible to set in place an objective, fair and coherent system of grading and appraisal. The selection and appraisal criteria must be internally discussed and be endorsed by the decision-making bodies and communicated to all participating agencies.

7

Contract and payment: For optimal results with regard to the commercial terms of the agreement, direct negotiations with each of the shortlisted agencies are recommended. Prior to appointing the winning agency, the client shall discuss and agree upon the business component of the partnership, for instance, the contract, including the payment, management of the relation and the calendar for the following stages.

8

Decision and its notification: As soon as possible, following the conclusion of the presentation stage, ideally in no more than one or maximum two weeks, the client should select the winning agency. All agencies participating in the pitch shall be informed on the decision on the same day. Following the conclusion of the pitch, the client is recommended to provide the non-selected agency (s) the courtesy of a post-evaluation. A professional post-evaluation is the quality certificate of a professional pitch.

8

Non-disclosure and copyright: To protect the interests of the client and agencies equally, a non-disclosure agreement shall be concluded and signed with each participant in the pitch. The rejected agencies must return all confidential materials and information supplied by the client. On request, if it was not agreed otherwise, the client must return to the non-selected agencies the presentations submitted for the pitch and the client should commit not to use any of the ideas presented, without securing the prior agreement of the respective agency.

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I. WHEN TO CALL IN A PITCH?

There are several reasons for the need of a competitive pitch, but it is very important that all stakeholders define and understand the reasons beforehand, as well as the expected outcome. This goal must be clear throughout the entire process and take into consideration issues which might occur naturally during the pitch.

The most widespread reasons to call in a pitch are:

- The existing contract will expire and a review is required;
- The client wishes to restructure its brands and/ or agency portfolio;
- Strategic disagreement between client and agency;
- Media and/ or buying strategy are not performing;
- Weak business performance;
- Market offer reassessment.

1. Change the agency, “without actually changing it”

Both stakeholders are recommended to make best efforts to maintain the existing relationship prior to making the decision to pitch or change the agency. According to a non-biased survey of the market reality, sometimes, changing the agency may result in higher losses than perceived gains by the client.

Experience has proved that long-lasting relationships contribute to brand health. Finding a new agency may sometimes not be beneficial, whereas steering a new agency to the level of experience needed is very time-consuming. According to international experience, inappropriate transitions may have dangerous effects. These are the reasons why caution is required prior to calling a pitch.

Debating the issues between the client and the existing agency and solving them based on mutual agreement is often the best solution, not costly and most efficient. The best practice (even if not sufficiently capitalized) is to request a yearly evaluation for the services provided, as well as to provide input on how the agency can reach its maximum potential.

Changing the workflows accordingly, with or without changing the staff, can sometimes solve issues more rapidly and more efficiently than a pitch process.

UAPR recommends to both clients and agencies, to carry out mutual evaluations at least twice a year. This practice will serve as an early, valuable warning, as well as a solution providing system.

2. Manage the relationship with the cooperating agency if a pitch is launched

When a client decides to call for a pitch, the first recommended step is an open discussion with the existing agency (s). When the client does not wish to continue to work with their current agency, it is in both parties' interest that the client make their position known to their existing partner.

On the other hand, there may be situations when clients wish to set in place competition conditions, in which case the participation of the cooperating agency will be welcome. This is certainly true when the internal rules of the client need a new offer which must be called in given certain timeframes. At this point, selecting the current agency again is not an exception and clients may encourage cooperating agencies to use their acquired expertise to win a pitch.

3. Is a full pitch always the best solution?

A full and complex pitch is not the only option, especially as it may be substituted by a strategic approach of selection. The following selection options are valid alternatives to complex pitches:

- Search for agencies with specific knowledge or resources and expertise in a particular business field;
- Examine the reputation, the creative accomplishments or strategy and/ or track record of the candidate agencies;
- Identify strategic and creative needs and select the agencies which best fulfill the client's business goals.

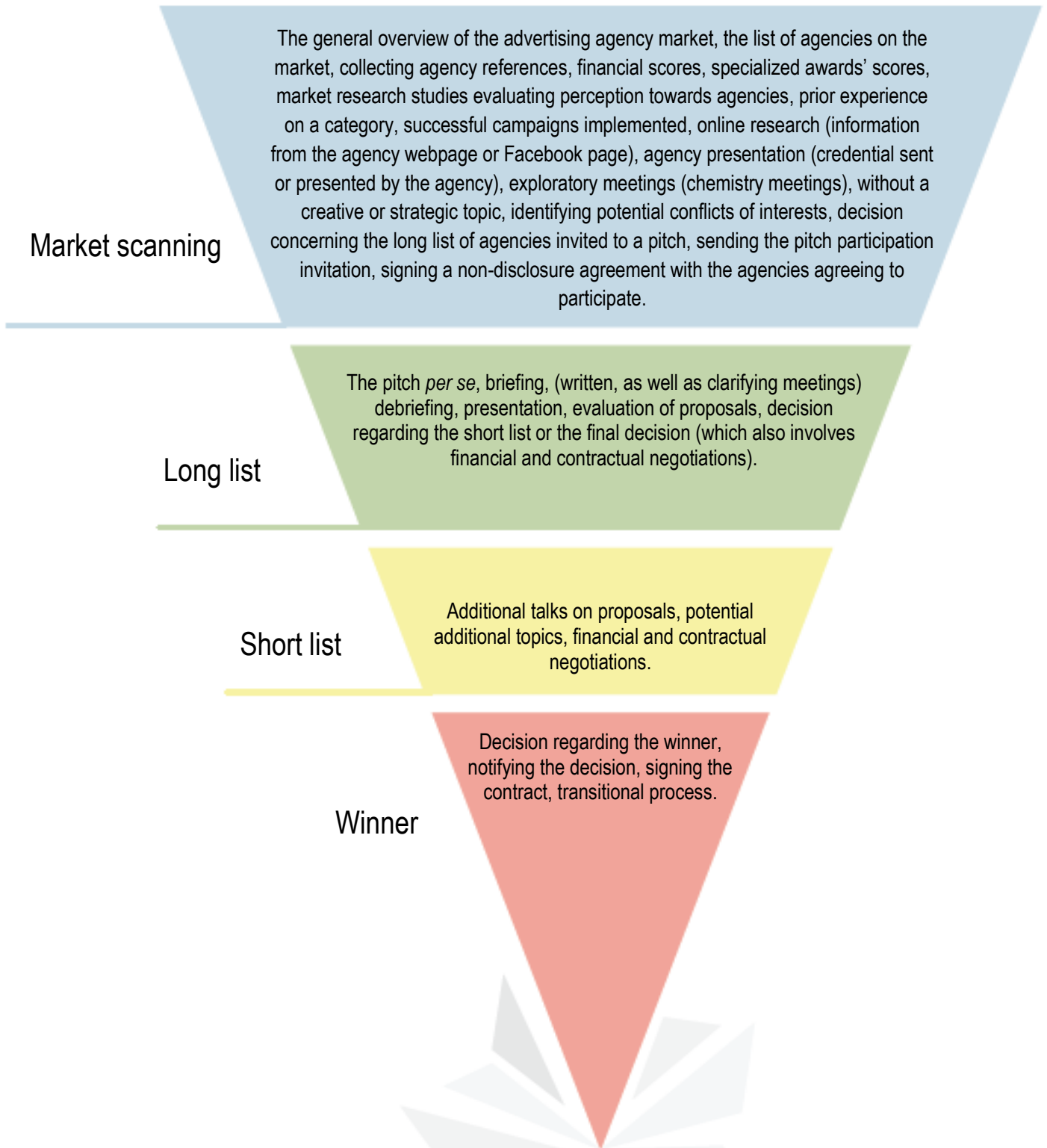
Even if clients must regularly assess the efficiency of the relationship with their existing agency, it is not recommended to call for a pitch with the purpose of collecting market data, professional opinions or ideas from competing agencies.

Commitment to a pitch is a considerable effort for agencies. To solicit such an effort communicating a false impression that there are chances to win a pitch is highly unprofessional.

Moreover, in time, the professional reputation of a client that uses such methods will be undermined.

II. PITCH DEVELOPMENT

1. Summarizing the main stages



2. Project team and pitch preparation

The first important step which the client takes to organize a pitch is to set in place the project team, who will manage the process and will be responsible for its success until the end.

The team should be established accordingly and include individuals with specific assignments on the project and will have the time to fully participate in the process. It is essential that the project team include the person (s) with decision-making power in agency selection, as well as those who would directly work with the winning agency. However, it is recommended that the pitch team be as small as possible, both for organizational considerations, as well as for a more efficient decision-making process.

Good practice requires the involvement of the procurement department from the onset. Most procurement professionals work for “blue-chip” organizations and provide added-value to the marketing teams. Their responsibility is to negotiate the contract and business terms which commercial terms will rely on.

If external consultants are called in, the client should state from the beginning what are their expectations from the consultant: when, where and how consultant services will be requested. It should be notified to the agencies beforehand, as a professional courtesy.

It is important that the final decisions-making managers:

- be kept informed on the process development and stages,
- be involved in, or at least endorse the outcome of each key stage and
- participate in all relevant presentations of all agencies.

3. Defining goals and selection criteria. Brief development.

The first assignment of the project team is to define the pitch aim and goals and to ensure that all stakeholders, especially those involved in the final decision, are in full agreement.

The client will analyze the role of advertising and of the other tools in the marketing mix and will decide on which type of agency they need. The selection criteria must be internally set and agreed upon prior to calling the pitch.

It is often said that a pitch is as good as the brief on which it relies. The brief summarizes communication goals, as well as other key information for project’s success, which is why the most important meeting in this process is the briefing meeting. The time allocated to develop the brief and briefing meetings will always be self-rewarding by providing an efficient process with concrete outcomes.

The same identical brief should be sent to all pitching agencies, even if one or several of them are already familiar with the brand and/ or project. The project team is responsible with the brief development, as well as its quality, completeness and communication to all agencies involved.

The decision criteria for the final selection process are recommended to be included in the brief and should be notified to all agencies.

Budgets have a significant impact on the agencies’ proposals. It is recommended that they be presented in the brief, from the beginning. When determining the budget, the client will take into account the scope of the project and the complexity of the goals.

4. Deciding the number of stages required and setting the pitch calendar.

A lengthy pitch process does not necessarily result in a positive outcome. According to experience, lengthy pitches rather result in negative outcomes, as they are characterized by attrition and indecision. It is recommended that, after careful evaluation, the client agree upon the optimum number of stages in a pitch from the beginning.

There might be a pre-selection stage (market scanning), where a general market overview can be performed, which determines the long list of agencies with whom the client might have an exploratory meeting (chemistry meeting). Following this first discussion, a list of agencies would be invited to work on the pitch brief. From the list of agencies selected and based on their presentations, the client can further select a limited number of shortlisted agencies with whom to start negotiations and discuss in detail the next stages based on their proposals.

There can be a strategic and a creative stage or execution components can be discussed at the end of the pitch, following the appointment of the winning agency.

In this case, the final campaign can be developed in a less stressful context by a joint team made up from the agency and client rather than during the pitch process itself.

If the process also includes the creative development component, then the odds of selecting the best solution and team increase when the parties call in an intermediary session to discuss blueprints or partially developed ideas.

This usually is best suited for clients which aim for more creative approaches.

In the case of media services pitches, the procedure is recommended to take place in two stages.

Often, when taking into account the significant share of the total marketing budget earmarked for advertising space purchase, the final and only selection criterion of a tender is the commercial offer, to the detriment of other important elements, related to the consumer or business sector strategic understanding.

The brief to the agencies is recommended to clearly list out the clients' business aims (price, special positioning, discounts and other benefits).

The first stage should focus on the financial offers and selecting a shortlist of agencies which are able to fulfill the business requirements that meet the clients' expectations.

The agencies that fulfill the business requirements requested by the client may qualify for the following stage, when they receive another media strategy brief from the client.

In this manner, agencies with the same financial offers will be able to distinguish themselves based on their strategic skills and their abilities to understand the consumer, the client's business field, the media market, and the opportunities that may be capitalized, through the tools they use and a dedicated team. It is considered that, this way, the clients are able to select an agency that provides both profitable business terms, as well as added value, through strategic capabilities, the specific team and proprietary instruments they make available to the client.

Intermediary meetings have an important role when the client is searching for an agency to work with when implementing several campaigns for a brand and not only for a specific project.

However, these discussions are less likely to be constructive for clients with less experience. This category of clients may take a final decision based on pre-set and realistic proposals and need only a specific project proposal.

The project team must develop an accurate and realistic calendar, agreed upon internally, which should be communicated to the agencies, irrespective of the number of stages concluded during the pitch process. This calendar must set out specific dates for the various stages of the process, including the date when the final decision is taken and announced.

Clients shall take into account the fact that there should be a reasonable timeframe between the moment when the brief is sent and the date of agencies' presentations. In general, a timeframe of 4 weeks is deemed acceptable for a full pitch.

5. Shortlisting. Selecting from the long list the agencies that effectively get the brief.

According to international practice, a high number of agencies invited to a pitch is counterproductive and costly for all parties, and usually results in inefficiencies which in turn undermine the desired success. That is why a thorough pre-selection process is extremely important, both to achieve good results as well as for the transparency of the process.

The client begins by developing a list with the agencies to be taken into consideration, using all accessible sources of information regarding the marketing and communication market (UAPR website is an example of a useful source for Romania). With this extended list of potential partners, meetings may be convened for pre-selection.

This stage may include visiting the agency, presentations of the agency portfolio, presentations of its track record (case studies from the agency portfolio), talks to determine the level of qualification of the agency to accomplish the pitch goals or to determine possible conflicts of interests etc. At this stage, this is not about practical requirements, such as the solution to various briefs, but only about professional talks regarding general topics.

Market scanning may also be conducted by developing a list of agencies in the market, by collecting references regarding agencies, various scores (of any nature, financial, specialized awards, market research surveys aimed at the general perception of clients towards agencies, articles showing previous experience regarding a given category, successful campaigns implemented), online research (information of the agency webpage or Facebook page).

Following this pre-selection process, when meetings with the agencies may take place or not, the client will select a list of agencies which shall receive the pitch brief – certainly, after the latter confirm their wish to participate and agreement is reached over various preliminary steps related to non-disclosure, intellectual property rights for the materials presented during the pitch, participation fees (if the case may be) etc.

Conflict of interests

Usually, clients would rather not take into consideration agencies which work with their competitors. However, this approach varies based on the number of specialized agencies having experience in a given business field. Competitive fields often imply more competing brands than the number of specialized agencies, therefore the client and the agencies must have the appropriate behavior, taking into account any conflict of interests, as well as its reasonable management, in full agreement with the interests of the parties, if it should arise.

In this case, the client should seek to define areas of conflict that are pertinent. For instance, if an agency works with a competitor in another country, this is less likely to result in a real danger of confidential data or strategies disclosure or in agency resource allocation conflicts.

If there is a potential conflict situation, the client may request the respective agency a written explanation regarding its intention to ensure the separation of staff and non-disclosure, as well as to guarantee to them the allocation of the best available resources (as well as purchase conditions, if, for instance, the pitch is also aimed at media purchase).

In this respect, clients' conduct is recommended to rely on EACA "Guidelines on Account Conflict".

Non-disclosure agreement (NDA)

To protect the client's interests, as well as the agency's, a non-disclosure agreement shall be agreed upon with each agency participating in the pitch.

Such a document is deemed necessary both for the comfort of cooperating relationship, as well as the efficiency of communication, and, especially, to clarify any doubt about intellectual property rights and use. Drafting the non-disclosure agreement as accurately as possible and its internalization by the parties are likely to remove the risk of any unauthorized disclosure to the media or third parties, in violation of the intellectual property right.

Consequently, both agencies and client will be held liable for managing with due care all information, documents and materials of any nature which parties exchange during the pitch.

6. Presentation and evaluation stage (the pitch *per se*)

Irrespective of the long-listed agencies' evaluation process, the client will have to decide on the appropriate number of agencies invited at this stage (recommended to be between three and five, based on complexity).

The pitch organizer is recommended to inform all participating agencies on the total number of agencies invited and to specify if the incumbent agency is also invited. This approach is recommended as an ethical criterion, to ensure a fair pitch development framework.

At this stage, the invited agencies can decide whether they wish to continue in the pitch process or not. That is why, prior to rejecting all the other agencies, clients are recommended to make sure that each of the called in agencies confirm participation beforehand.

The briefing and agencies' solution presentations are essential elements at this stage, which may sometimes be accompanied by debriefing sessions. The client must accept that sometimes, irrespective of how well the brief is written, agencies will not fully grasp some of its aspects. In this respect, based on the questions received from agencies, the client must make best efforts to understand whether the brief was not sufficiently clear and, consequently, set face-to-face meetings with all agencies; or one particular agency fully understood the brief and its questions underline creative or implementation ideas. In this case, the meeting should take place with this agency only.

Compliance with copyright principles

In the event that no special conditions were agreed upon beforehand, creative concepts produced by the agency shall remain the property of that agency. The rights and commercial terms related to the material presented by the winning agency must be agreed upon at the conclusion of the client-agency agreement.

Keeping a reasonable time frame between the presentations of the agencies is recommended for clearer impressions and potential notes/ opinions on each presentation.

The last presenting agency is statistically best-placed to having the “cutting edge” or the “fresh” presentation, therefore clients should try and organize all presentation as soon as possible one after the other.

It is recommended to avoid last minute changes concerning meeting hours, as it might have a negative impact on the involved agencies and for this reason should be avoided.

The client team should allow enough time to read and analyze all documents. In case this is not possible, it is perfectly acceptable for the client to request agencies to send documents in advance. Document production requires significant amounts of time which is why it deserves proper attention and focus.

7. Pitch fees

Agencies never expect to profit from participating in pitches. This does not mean, however, that they can finance on client's behalf the production costs, which are sometimes very high, in case they don't win the pitch.

The theory saying that an agency feels obliged to fund blueprints and/ or models is they want to win a pitch, is false for the simple reason that the invited agency was selected based on her previous work. It should be noted that mathematically and realistically speaking, the odds of an agency winning are roughly $1/3 - 1/5$, based on the number of agencies selected to address the brief.

However, there are also pitches where the client is the beneficiary of more advanced or even completed proposals in the shortlisting stage. Naturally, the client should take it upon themselves to incur any expense and notify their acceptance in the brief. It should be pointed out that often, the amount is not high enough to motivate an agency to take part in the selection, but rather communicates a message of respect, encouragement and reward for their effort to agencies the client may want to work with in the future.

Agencies will be further motivated to respect both the client and the pitch process and will be reassured that the pitch fee provides a symbolic reward for their efforts. The same fee offer must apply to all agencies, including the incumbent agency, if they are participating in the pitch.

8. The appraisal system

The winning agency is appointed following the appraisal of the competing agencies' presentations. The project team is responsible to set in place a fair and coherent system of grading and evaluation. At the same time, it must set the appropriate timeframe, so that all team members can participate in the process - ask questions to the agencies and discuss presentations.

It is easy to be impressed by very good presenters, unconventional locations or by the types of presentations which many agencies create for pitches. While these provide an impression about the agency's passion and motivation, the client should also try and analyze the proposals in a non-biased manner.

The appraisal grid with a grading system taking into account the previously determined priorities may be a useful manner to keep track on what the agencies covered and on how the client feels about that. But often the best decision is not only by combining scores. In this case, we recommend an average between the logical evaluation (the evaluation score) and the subjective, empathetic one.

9. The agreement and payment

For a better commercial outcome, negotiations concerning the terms of the agreement with each of the shortlisted agencies are recommended.

Prior to appointing the winning agency, the client must discuss and agree on the business component of the partnership, for instance, the agreement, including payment, relationship management and calendar for the following stages.

10. The decision and its notification

The client should select the winning agency as soon as possible following the presentation stage, ideally in no more than one or two weeks.

It is not recommended to notify the winning agency prior to negotiating the elements of the contract, especially payment.

In the case of major pitches, it has become common practice that the decision-making process be extended to enable a more detailed analysis of one or several agencies' ideas. The client clearly has the right to do so. However, it is recommended that this possibility be included in the initial timeframe and that consultation with all participating agencies take place in this respect.

The client must set a procedure to inform both the winning agency, as well as the other agencies about their decision. Rejected agencies must return all confidential materials and information supplied by the client.

On request, unless otherwise agreed, the client must return to the non-selected agencies the presentations submitted for the pitch and commit not to use any of the ideas thereupon included, without securing the prior agreement of the respective agency.

The decision shall be communicated to all agencies participating in the pitch on the same day. Following the conclusion of the pitch, the client is recommended to provide the non-selected agency (s) the courtesy of a post-evaluation. A professional post-evaluation is the quality certificate of a professional pitch.

11. Managing the transition process between agencies

The client must comply with the contract with the incumbent agency, especially with respect to the notice period and remaining payments. The client must ensure that the current agency fully cooperates in providing information and materials to the new pitch-winning agency.

It is essential for the client, and to their best interests, to ensure a fair transition process when they transfer their brand or account from one agency to the other. Unless this takes place in an orderly manner, the transfer of materials and information may not be complete. This is of utmost importance for the transition of media planning or media marketing assignments, as well as the assignment of long-term agreements, concluded by the client with the media companies.

It is recommended to include in the agreement with the agency various clauses concerning the transition procedure, in addition to other clauses, such as related to copyrights and intellectual property rights.

The transition process should involve all three stakeholders: the client, the agency they worked with and the new agency. Generally speaking, the agencies take it upon themselves to execute this assignment well, whereas the direct transfer usually opens up a dialogue between the key-persons, so that both information and related materials can be transferred accordingly to the benefit of both brand and client.



UAPR would like to highlight that this document is to be understood in the spirit of our intent to harmonize the Romanian advertising industry practices with the European and international practices in this field.

The guidelines and recommendations described in this document should be implemented so as not to bring prejudice to the relevant legislation with respect to the preparation and organization of the selection of offers, public tenders or pitches organized by public or private enterprises of Romania.

The contents of these Guidelines provide general recommendations and do not represent an official UAPR viewpoint for any of the possible situations that may occur in the market. For full details, additional explanations or recommendations concerning the correct understanding of how to implement the guidelines and recommendations described in this document, please contact UAPR for assistance.



THE PITCH GUIDELINES

were developed by the Romanian Advertising Association (UAPR) www.uapr.ro
In cooperation with Musliu & Asociatii www.musliu.ro