ANA/4A's Guidelines for Agency Search

Marketers and their agencies are looking for high-performance relationships based on mutual trust. Steps that can help marketers and agencies reach that productive state have been outlined from time to time. However, there has not been recent comprehensive guidance on agency search that recognizes the rapidly changing agency-advertiser marketplace.

The guidance that follows—developed and endorsed by the Association of National Advertisers (ANA) and the American Association of Advertising Agencies (4A's)—outlines steps that can help marketers and agencies go through an effective search and selection process that can help both parties create a better working relationship.

Objective

The objective of this document is to provide guidelines for both clients and agencies to consider in the agency search and selection process. This has become an increasingly important topic as the business and marketing landscape becomes more diverse and fragmented, there has been a proliferation of new agencies with the growth of emerging digital and mobile media, and there has been an expanded desire for specialty expertise/new perspectives to complement (or replace) existing agencies of record. Marketers and their procurement teams as well as agencies can benefit from these guidelines for the agency search and selection process.

Background

When beginning a search, marketers should be transparent with agencies regarding the nature of the search, the desired going-forward relationship, and the scope, timing, and economics of the assignment that is being reviewed. The ANA and 4A's recognize that the most common searches are for the following types of agency relationships:

- **Agency of Record (AOR) Search** – An AOR usually sets the strategic and communications direction for a brand (i.e., ongoing retainer-based relationships).
- **Roster Agency Search** – Could involve a review for a specific assignment or might entail a qualified vendor status review with no specific assignment as part of the roster review. A roster agency is one that has met the criteria to be considered for a client's brands but may not yet have been awarded a brand assignment.
- **Specialty Agency Search** – These are agencies that have a specific expertise (e.g., mobile, event marketing, digital, social, media planning and/or buying, CRM, or collateral). These agencies often supplement an AOR or an existing roster.
- **International Agency Search** – This is usually for an AOR to handle a brand globally or in multiple markets around the world. This is usually done to identify a lead office in a core market that will then coordinate efforts with other offices around the world.

- **Ad-hoc/Tactical Agency Searches** – Typically smaller to mid-sized agencies used for more routine, turnkey work at a lower cost with a shorter turnaround time. These agencies can complement other agencies on the roster and free up core agencies to do more strategic work.
- **Project Reviews** – Client searches for an agency to perform a specific, one-time deliverable.

The ANA and 4A's recognize that every agency search is different and that different searches may require clients and agencies to adapt these guidelines to their unique situations and circumstances. However, it is our belief that the following guidelines apply to the most common types of searches taking place today, and should be of value to both clients and agencies.

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Before You Even Decide To Conduct a Search

1. **If you are considering replacing an incumbent agency (or reassigning a significant piece of incumbent business).**

Before deciding to conduct a search, marketers should seriously evaluate whether or not a search is required. Agency searches can be expensive, time consuming, highly disruptive, and can drain company resources. Sometimes issues can be addressed with the existing client/agency relationship via a remediation process, a "last chance" warning given to the agency (as the agency may not even be aware of all the issues) or by simply switching the team at the agency.

There are many reasons for conducting a search. While those reasons include performance-related issues, they can also include changing business needs, new product introductions, leadership turnover, conflicts, missing competencies, and the need for specialty agencies.

When a client thinks a new agency is required for performance-related issues, the client should conduct a self-examination, asking questions such as:

- Is the problem with the agency a problem that we've had before (which might suggest that the client is the one who needs to change)?
- Were we the best client we could have been?
- Did we have a clear strategy?
- Did we provide a clear brief to the agency outlining campaign objectives, deliverables, and expectations?
- Did we pay the agency fairly for the work so that it could put its best talent on our account?
- Was the agency given clear and consistent feedback and sufficient time to respond?
- Was the approval process too onerous?
- Did we elevate the conversation to a higher level at the agency so that more senior agency leaders could also respond?

Clients must be honest with themselves as well as with their agencies (current agencies and potential new agencies, if it gets to that). Clients should be careful not to rationalize previous agency failures or put the entire fault on the other side. Ask honestly, "Is there something we could have done better/differently?"

Overall, the agency search process shouldn't necessarily be about ultimately "fixing" the problems, as they may not realistically be fixable. It should simply be about putting them on the table—internally and with agencies—to focus on finding an agency that may be able to work within those parameters. Whatever the issues are, the agencies have probably experienced them with another client. With honest dialog about internal barriers, the agencies can share specific case studies regarding how they were successful given similar challenges.

2. **Adding a new agency (without replacing an existing one).**

Even if a potential search relates to a completely new requirement and not replacing a previous agency, a client must structure itself in a way that maximizes the likelihood that a new agency will be successful (sufficient budget, lead time, proper senior management support, a clear strategy and decision-making process, etc.).

If an agency is being added to provide new capabilities (i.e., in the digital/ mobile area), geographical reach, or bandwidth (i.e., non-core work going to tactical agencies), it is important for the marketer to define this clearly to both the incumbent agency and to any new prospective agencies contacted during the search to ensure clarity around roles and responsibilities.

You're Conducting a Search—Initial Considerations

Once it has been determined that a search is required, here are initial considerations for the advertiser.

- Identify your internal search team. Ensure that the team is not too big and that the right people are on the team—the people who the agency will work with on a day-to-day basis and the senior leaders who will make final decisions about the work. Ensure that the team is empowered by senior management to make decisions. Include procurement, if applicable, and bring them in early. If procurement is involved, clarify whether its role will be as facilitator or driver. Clearly identify the influencers and the decision makers.
- Discuss the time commitments and responsibilities that will be required from the client search team. Continuity of involvement, attending planning sessions, alignment on expectations, process, and criteria, and active participation in all agency meetings are essential to conducting a well managed search process.
- Decide who will lead the pitch. Options could be procurement, marketing, or an external agency search consultant. Next identify a specific individual as "search leader." Companies should assess whether or not they have the right skills and expertise in-house to conduct a search and the time to do so, without disrupting current business.
- Define objectives/requirements and be honest about them; e.g., don't ask for strategy or innovation if you're looking for operational efficiencies.
- Identify decision criteria upfront; prioritize and weigh that criteria.
- Have approval from senior leadership on objectives/requirements and decision criteria to ensure alignment.
- Agree on the service expectations, scope of work, and desired business outcomes you expect to derive from the new agency relationship. The expectations for the new agency relationship should specify the marketing budget range, agency compensation levels, and speed-to-market requirements. Once internal alignment on expectations is agreed upon, the marketer should—upon receipt of a signed confidentiality agreement—disclose expectations to potential agency candidates.
- Agree on the search approach. Options include:
  - Business is placed with another preferred supplier.
  - Streamlined "meet and greet" approach to allow the client to understand agency capabilities, recent experience, and potential resources to be applied to the business.
  - Full-blown agency pitch.
  - Trial assignment—fixed time period with clear deliverables and fair compensation, after which point the client and agency decide whether to extend and formalize the relationship.
- Identify and agree internally on a meaningful list of competitors—companies that you cannot share an agency with due to competitive conflicts. If conflicts are a material consideration for your business, then carefully detail critical conflict areas and state your conflict parameters in the initial communication with candidates.
- When placing business into review, clients should be transparent with the incumbent agency about what is being reviewed and if there will be a replacement agency or a complementary one added to the existing roster. Be clear on whether the prospective agency is an appropriate candidate for the review and where it stands in consideration. Have agencies sign a non-disclosure agreement before issuing the questionnaire.
- While searches for smaller assignments or reviews that entail a modest scope of deliverables and meetings could move more quickly, the optimal timing for the agency search process should be approximately three months:
  - Identification Phase: One week
  - RFI: Two to three weeks
  - RFP: Four to five weeks
  - Finalists: Six weeks

Initial List/Request for Information (RFI)

The purpose of the RFI is to request detailed information regarding the agency's profile, management team, organization chart and operating structure, business approach, financials, credentials, client list, and capabilities, and to motivate the best and most relevant agency candidates to apply. It typically also includes case studies and creative work samples that might further help the client understand the agency's capabilities.

At this stage, the client should prepare an outline identifying agency requirements such as geographic proximity, strategic needs, specific capabilities, industry experience, etc.

- Develop an initial RFI list, which should include no more than 10 to 15 agencies (then 6 to 8 for the RFP stage and up to 3 for the final round). Instead of a formal RFI, you can consider a more informal screening process, i.e., by phone, especially if it's for a smaller-scale search where you will consider a limited number of agencies.
- There are multiple ways to build an initial RFI list as well as to learn more about the agency landscape, especially if you are researching specialty agencies.
    - Consider agency resources already used by your company. Consider talking to your Agency of Record if it has boutique/specialty agencies within its holding company.
    - Peer experience.
    - Search consultant input, if applicable.
    - Identify conflicts (e.g., due to competitive issues) to eliminate candidates.
    - Consider geography and time zone needs: Is it necessary that the agency be in close physical proximity to the client or can the search be geographically broader in scope? Does the agency have the geographical coverage (i.e., locations in multiple international markets) to service your business?
    - Agency Web sites.
    - Access information and guidance from the 4A's and ANA
        - the 4A's "Agency Search" information center and database at http://bit.ly/aaCrx9
        - the ANA Marketing Knowledge Center at www.ana.net/agencyselection.

For additional industry, third-party, and subscription resources, refer to Appendix 1.

- Discuss key business terms upfront. These may include competitive conflicts, employee non-compete clauses, minority business requirements, women's/green commitments, audit requirements, travel policies, etc. Some of these points may be part of the contract with the winning agency; discuss them early to avoid surprises later. Share your contract template with them; ensure there aren't any legal or contractual "deal breakers" before you get too far into the process.
- Suggestions for the RFI to ensure a smoother process with faster turnaround time:
    - If you submit an RFI designed by your procurement department, ensure it is appropriate for the marketing industry and other indirect services. Your RFI should request basic agency information and pose relevant marketing questions that will help you assess an agency's capabilities, i.e., case studies, category experience, research capabilities, creative development processes, and any category conflicts.
    - Streamline any questionnaires or RFI documents to key questions (one to two pages maximum).
    - Decide on the questions/issues to be addressed in writing versus what should be discussed—an RFI is not a Request for Proposal (RFP).
    - Know why you are asking each question; ensure focus.
    - Allow agencies a realistic amount of time to respond to the RFI request. Allow at least two weeks for a short form, longer if it's a more-detailed questionnaire.

- Consider a template format for responses for easy comparisons of multiple agencies.
- Recognize that it takes time to review all the RFI information submitted by agency participants, urge agencies to be complete but succinct in their responses. Communicate word count limits upfront.

- At this stage, the client should also provide some basic information to the potential agencies to help them decide if the business is appropriate to pursue. This will help narrow the list further. This may include an introduction to the company, an overview of key business objectives and marketing challenges, expected scale/scope of the relationship, budget, and more.

You may also want to consider skipping a formal RFI/RFP process in favor of a fast-track, closed-search process where specific agencies are invited to discuss their capabilities, followed by a more in-depth discussion or speculative creative (spec) work with two to three finalists.

When the initial search outreach is being developed, include your "rules of the review" in communications with potential agency participants. The rules of the review should cover the planned review process elements, agency deliverables, time schedules, interim client/agency contacts, and any code of conduct do's or don'ts. For example, if there is a policy that prohibits employees from accepting gifts, entertainment, or other items of value from suppliers or candidates, the policy should be communicated.

Semi-Finalists/Request for Proposal (RFP)

(for detailed discussions with six to eight agencies)

The purpose of the RFP is to invite prospective agencies to the next stage of the search process, where the marketer can assess the agency with more detailed information, and vice versa. During the RFP process, the marketer will be looking for a more in-depth view as to how the agency can meet the needs of the client, structure the team to service the account, and outline its overall approach to the business. This is also an opportunity to have a more in-depth discussion on business terms, such as contract requirements and compensation. The RFP process is also a great opportunity for the agency to get to know and assess the marketer as a potential partner.

- Before scheduling time with the agencies, marketers should conduct an internal "requirements" meeting to align stakeholders (i.e., marketing clients and procurement) on the RFP process, business requirements, and semifinalist expectations.
- Hold a "grounding" meeting with all client participants prior to the beginning of agency presentations, to review requests made of agencies and the agency evaluation form.
- The client should be very clear in communicating requirements to the agencies, as better input leads to better output.
- Include a discussion on agency compensation early on. Don't provide a specific budget for agency compensation, but consider providing a budget range. Cost must fit for both parties. What the client is willing to pay must fit the economics of what the agency is able and willing to provide—at a profit.
- Set budget expectations (media or project budget, depending upon the assignment).
- Discuss timetables, agency experience required, agency performance evaluation metrics (e.g., sales, copy testing, brand awareness, etc.), role of online, mobile, geography (regional, national, global, etc.).
- If there are important process capabilities (e.g., billing formats, payment methods, status reporting), discuss them.
- Provide adequate access to the client for agency questions, and ensure a fair playing field by providing equal access to clients and any supporting materials (i.e., details about the campaign) for all competing agencies.
- It is strongly advised that you visit the agency candidates in their offices at some point in the review process. Ideally schedule each semifinalist meeting on the agency's premises because an agency that may have been sixth on your list could jump to first place (and vice versa), once you see how the firm operates in its own environment. If that cannot be arranged and the semifinalist meeting will be held at the client's location or a neutral site, allow each agency a minimum of one-hour setup time and provide them with room layout and audio-visual specifications well in advance of the meeting.

- During the process, insist on meeting key people who will actually work on your business and constitute your senior team. Visiting the agency provides the opportunity to meet more members of the team, whereas agency trips to a client's office will most likely involve meetings comprised of a smaller agency team.
- Good chemistry with a prospective agency is essential. Ask yourself, "Do I like these people and can we work together?"
- A note on culture: though culture is invisible, it presents itself in many conspicuous ways. Beyond assessment of an agency's core competencies (e.g., copy, media, research) and administrative processes, another key assessment should concern its ability to fit your company's culture. Cultural conflicts will almost certainly sabotage an advertiser-agency relationship, regardless of how well an agency's core competencies and administrative processes match an advertiser's needs. Hence, the importance of cultural alignment cannot be overstated. A supplemental discussion on culture can be found in Appendix 2.
- Today clients usually work with a number of agencies, so it's also important to know that a new agency will complement other agencies on the roster, and they will be able to work collaboratively for a common goal.
- Schedule enough time in the meeting. Allow a minimum of two hours to ensure there's time for you to tell the agency about your business, for the agency to present its capabilities, and for concluding questions and discussion.
- Don't just answer the agencies' questions, evaluate them. What an agency asks can often reveal: 1) its actual interest/involvement in the business, 2) its work processes, and 3) its ability to effectively collaborate.
- Much can be learned about an agency by the questions they ask. Ensure a fair playing field with your agencies in handling questions. Some marketers disseminate a question from one agency to all selected agencies and distribute their responses to all participants. The downside to this approach is that many agencies will be reluctant to ask strategic questions for fear of revealing to competitors a planned approach to the pitch. Consider circulating to the agency field only those questions and answers that clarify the assignment or process.
- When viewing case studies from agency candidates, be mindful that some of that work may have been produced by people who have left the agency—and it's possible that it could be shown by more than one agency. If a specific case study or piece of work captures your attention, ask if the key players involved still work at the agency.
- Marketers should provide continual and timely communication to prospective agencies on process and next steps, including any delays or changes in timeline.
- Develop a simple, focused evaluation form for the client team, and complete it immediately after each meeting.
- Create a process that allows client team members to initially give feedback individually to avoid any bias from a group environment. Then bring the team together to discuss perceived agency strengths, weaknesses, and whether or not the agency fits the brand/corporate culture.

Finalists
(up to three agencies)

Guidance for the finalist stage include some of the same criteria from prior stages plus new thinking.

Pre-Final Guidance (Preparation for the Finalists' Meetings)

- Clearly set expectations on the deliverables for the final round; a written brief should be provided that outlines those expectations. If new strategic, company, or consumer research is to be provided, hold a briefing. If time is a constraint, major briefings can be conducted with agency finalists collectively, with time reserved for them to engage individually regarding questions and clarification. Clearly articulate required deliverables and match your brief and briefing as stimulus to obtain those deliverables.
- Make the final-round assignment as "real life" as possible. The final assignment should simulate how you would work with your agency partner. Again, be clear about the specific output or deliverable(s) desired and expected; specifically, whether it is a strategic plan, a transition plan, or an agency viewpoint.
- Not all reviews need to end with a creative shoot out. Much can be learned about how an agency solves a problem with a different kind of assignment. Consider whether spec creative work is indeed required. If spec work is required, consider paying a stipend to cover some of the agency's out-of-pocket costs. Please refer to Appendix 3 for additional discussion and guidance related to speculative assignments.
- The client should have no ownership rights over creative work or intellectual property developed by the agency unless that has been agreed to in advance, and the client pays a fair and reasonable fee for ownership. Note that this is much more than a stipend.
- Provide adequate access to the client for agency questions during the final round. Remember that agency questions at this point in the search can be indicative of the agency's process and reflect its planned strategic approach. Consequently, it's recommended that questions from an individual agency and the marketer's response not be shared with the other competing agencies.
- Continue to evaluate chemistry and culture. For example, consider having a dinner or out-of-office lunch with each finalist agency. At this stage, the client should have visited the agencies in their offices to meet more of their staff, assess their teamwork, and get a sense of the agency's culture and personality.
- Provide the agency with evaluation criteria and weighting for both the final round and the ongoing relationship. Clearly define the meaning of success.
- Provide continual and timely communication on process and next steps.

Final Day Guidance (Conducting the Finalists' Meetings)

- Conduct a discussion with each finalist to ascertain the logistical specifications related to their final presentations. Allow the agency access to any audio-visual equipment if the pitch is on site. Information about the presentation room can be very important to the agencies. Provide room dimensions (photo, if possible), specifications of available equipment, including monitor(s), screen, ceiling or table projector, aspect ratio, etc. It's helpful to provide the contact information of the person in your organization who will receive shipments the agencies send to your site before the presentation. Allow each agency a full hour to set up in advance of the presentation and provide IT support to answer equipment questions.
- Provide the agency with a list of all clients expected to attend the meeting. Your information should include the titles and functional responsibilities of each client participant.
- Have a "grounding" meeting with the client team prior to the beginning of the agency presentations to review what was requested from the agencies and the evaluation form.
- Allow sufficient time for the agency to answer the brief and adequately show its work.
- Clearly communicate the amount of time allocated to each agency to present and the amount of time, if any, you wish to reserve for questions and answers.

- Adhere to your timetable. Don't indulge an agency that exceeds its allotted time or penalize an agency if you start the meeting late.

Post-Final Guidance (After the Finalists' Meetings)

- Acknowledge the fact that great work from great agencies comes from a great relationship with a great client. During the selection process, think about whether you can get to a great relationship with this agency and whether they can work effectively with other agencies. Spend enough time with them to have a good sense of that by the end of the process.
- Develop a simple and focused evaluation form for the client team that includes agreed-upon criteria and weighting. Complete the form immediately after each meeting.
- After you've seen all the agencies for the final time, meet as a team to discuss and decide. Ensure that the team is aligned on the selection, even if it's not unanimous.
- It is advisable to notify the winning agency that it is considered the company's number one choice but that the final decision is pending reaching agreement on key contract provisions. The other agencies should not be contacted yet, since failure to reach an acceptable agreement with the lead agency candidate may require that the client pursue an alternative solution.
- Once an agreement has been reached with the winning agency, inform other agencies at the same time via back-to-back calls.
- Offer non-winning agencies a debrief call at a later time to provide them with honest and actionable feedback on their approach, people, final presentation, and to allow them to ask questions. The 4A's has a post-review feedback tool (http://bit.ly/qkExbl) that highlights important feedback categories and a ranking scale that can easily be adapted to online or telephonic debrief format.
- If the review drags on, the entire process is at risk as agency talent that was originally available during the review may be reassigned, or the agency may even decide to back-out of your search and participate in an agency RFP with a competitor.
- Remember that this is a search based on business needs and is not a beauty contest. In the final selection process, clients should regularly refer back to their selection criteria.

You've Received an RFI or RFP—Now What?

- If it is not clear, clarify what the assignment is asking from your agency as well as the role of other agencies and the client's in-house staff.
- Carefully review the assignment and the client fit and quickly determine if it is a good opportunity for your agency. Regardless of your decision to engage or not, promptly respond to the prospective client or search consultant with an indication of your intent.
- If you decline the opportunity to pitch, tell the client why. There is a lot of learning in that answer. Was it outside your capabilities or was there something about the way the client defined its objectives or assignment?
- In developing your response, follow the directions and guidance given, answer the questions being asked, and be specific about your core capabilities, experience, and what you do best. Don't go "off the ranch" as the client may not be able to make apples-to-apples comparisons with other agencies (and may quickly eliminate you as a result).
- Be honest about your capabilities relevant to what the client is seeking. Pursuing a piece of business that isn't a good match ultimately wastes resources and possibly damages a future relationship. Don't be afraid to answer questions with "we don't do that" or "that's not our sweet spot, but…" Being transparent tells a client a lot about you, and if you're not right for this assignment, the client may think of your firm for other projects.
- Differentiate your agency. From the beginning, put a clear and meaningful stake in the ground about what differentiates your agency. The differentiator does not necessarily have to relate to capabilities. It could be culture, process, or a "secret sauce." Articulate how that differentiation is applicable to the potential client. Refer back to that differentiation often throughout the process so that the client can internalize if/how it could realistically and practically be of benefit. If there is something about what the client is requesting that will prevent or limit your ability to apply your differentiators, let them know.
- Disclose all competitors you are working with, as well as all client relationships, as the potential client may have a unique view on conflicts, or you may be able to work out an acceptable solution with any competitive issues (i.e., firewalling the competitor from your business by using an entirely separate account team, on a separate floor or even in a separate office or city, if available).
- Be courageous enough to discuss compensation implications early, even if the client doesn't bring it up. Setting expectations early on both sides could prevent future compensation issues that create tension in the relationship.

You've Made the Cut—Optimizing the RFP/Pitch Process

- Take time to understand specific client needs, challenges, and the scope of the assignment. Understand if the client is looking for an ongoing relationship or one limited to a specific time or project. Be clear on the balance between strategic/creative requirements and executional/tactical deliverables.
- Ensure you are clear on the brief and project parameters such as success metrics (e.g., sales, brand awareness, etc.), geography (regional, national, global), role of new media, etc.
- Identify all questions or points requiring clarification that your team has regarding the RFP and schedule a conference call or meeting with the prospective client to address them. Remember, this step can be an important and evaluative one in making an impression on the prospective client.
- Be prepared to demonstrate that you can "play nice" with other agencies—not just within your agency family or holding company but with other agencies as well. In today's world of fragmented media, clients often have multiple agency partners so cooperation/collaboration among different agencies is essential.
- Discuss account staffing as it can have a significant impact on costs. Discuss staffing methodologies in more-general terms; once the scope of work has been determined, the staffing arrangements can be made more specific.

- Don't bait and switch. Don't send in the new business team to get the account and then assign another team to do the work. Ensure that the client meets the people who will work on its business and include at least one key account person. Clients should know that asking to meet the full account team may be an unreasonable request. In many cases, the team is not fully formed or the staff hired.
- The agency should be clear on which clients they will work with on a daily basis and who the key decision makers are.
- Identify if the agency has internal subsidiaries that are profit centers that would be used for the client's business. These may include production facilities, editing, in-house art studios, music, etc.
- When you show your agency's work, ensure that key players involved with each piece of work are still at the agency. If the core team has left, it's no longer appropriate to show that work.
- Agencies should strongly emphasize business results in their relevant case studies. Awards are nice but only if the recognized work increased the client's business. Focus on business outcomes and not always on how many boxes were sold, but why boxes were selected as the standard of measurement. Why not some other metric? Potential clients want to understand your agency's process and way of thinking.
- For the pitch, don't fill the room for the sake of filling the room. Everyone attending should have a role.

A Word About "Spec" Work

If a client offers a stipend to help defray costs, ensure that this does not imply ownership of the work even if you don't win the business. If compensation is offered that will grant the client the rights to the work, negotiate what you consider fair remuneration. If a client insists on ownership of work to invite your agency into the pitch, which is not a best practice for clients, you have a decision to make. It is inadvisable to surrender the rights to your work as a condition of pursuing the business.

If you plan to present additional ideas or alternative strategies, first ensure that the client's brief for the presentation has been adequately addressed.

Contract and Terms

- Formal agreement on service deliverables, agency compensation, and key contract terms are essential components of a best practice agency search process. Failure to establish mutually satisfactory commercial terms will undermine the viability of an ongoing relationship.
- Agencies should not agree to non-negotiable or unilateral client mandates that the agency considers inequitable or impractical in order to get the business with the hope that terms can be re-negotiated at a future date.
- If you take an assignment but either will be losing money or breaking even initially, be transparent with the client about that.
- Walk away if the assignment does not fit or feel right.

Getting Started and Planning for Success

Once the agency has been selected, an agreement should be formalized regarding the scope of services, scope of work, staffing plan, which agency team and/or key individuals will be working on the business, compensation, key contract parameters, and measures of agency evaluation.

Agree on a Relationship Management Process
The client and agency will have just expended a significant amount of energy and funds in the agency selection process. To help enhance the likelihood of a successful, long-term relationship, it is very helpful to include regular, informal check-ins and a structured, two-way evaluation feedback process that monitors checkpoints and deliverables, considers scope revisions, flushes out bottlenecks or other issues. This can also be a great time to identify longer-term ways to improve the efficiency and effectiveness of your relationship, especially if it expands or changes over time.

You may want to consider including a provision to revisit the terms of the engagement (services, contract, procedures, etc.) at established intervals. Despite best efforts to define the scope of expected benefits, scope of work, and critical business assumptions upfront, it's hard to know what the relationship will be like until you're actually working together.

Agency Relationships Are a Critical Strategic Investment: Invest Wisely
The challenges of dynamic expectations and the acceleration of technology and competitive forces that are shaping the marketing industry should not overwhelm the importance of adhering to prudent, well crafted, agency search and selection principles and practices. The wisdom of embracing solid fundamentals is more important than ever before in order for both sides to leverage their investment and to enjoy a long, productive relationship together.

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Appendix

Appendix 1 - Industry Resources for Agency Search and Selection

Industry, third-party, and paid subscription resources are available such as:

1. 4As "Agency Search" information center and database at http://bit.ly/aaCrx9
2. ANA Marketing Knowledge Center at www.ana.net/agencyselection
3. Third-party resources such as Adbrands.net, Adforum.com, Adstrument.com, AgencyCompile.com, Agencyfinder.com, and MarketingMine.com
4. Industry publications including AdAge.com, AdWeek.com, and Campaign.com
5. Company inquiry sites: AccessConfidential.com, Hoovers.com, and TheListOnline.com
6. Creative library sites: CannesLions.com, Competitrack.com, Effie.org, Gunnreport.com, kantarmediana.com/AdScope, and Oneclub.org
7. Media representatives can be a good source for agency referrals.
8. For specialized capabilities, utilize trade associations to learn more about agencies in these areas:
    - 3AF - Asian American Advertising Federation (www.3af.org)
    - AHAA - Association of Hispanic Advertising Agencies (www.ahaa.org)
    - CEMA - Corporate Event Marketing Association (www.cemaonline.com)
    - Council of Public Relations Firms (www.prfirms.org)
    - DMA - Direct Marketing Association (www.newdma.org)
    - IAB - Interactive Advertising Bureau (www.iab.net)
    - MMA - Mobile Marketing Association (www.mmaglobal.com)
    - POPAI - Point of Purchase Advertising International (www.popai.com)
    - WOMMA - Word of Mouth Marketing Association (www.womma.org)
9. There are advertising associations in most major overseas markets including:
    - Brazil - ABAP / Brazlian Association of Advertising Agencies (www.abap.com.br)
    - Canada - ACA / Association of Canadian Advertisers (www.acaweb.ca)
    - Canada - ICA / The Institute of Communication Agencies (www.icacanada.ca)
    - Canada, Quebec - AAPQ / Association of Quebec Advertising Agencies (www.aapq.ca)
    - China - CAA / China Advertising Association (www.cnadtop.com)
    - China - China4A / The Association of Accredited Advertising Agencies of China (www.china4a.org)
    - Europe - EACA / European Association of Communications Agencies (www.eaca.be)
    - Global - WFA / World Federation of Advertisers (www.wfanet.org)
    - India - AAAI / Advertising Agencies Association of India (www.aaaindia.org)
    - Japan - JAAA / Japan Advertising Agencies Association (www.jaaa.ne.jp)
    - Mexico - AMAP / Mexican Association of Advertising Agencies (www.amap.com.mx)
    - Russia - RACA / Russian Association of Advertising Agencies (www.akarussia.ru)
    - United Kingdom - IPA / Institute of Practitioners in Advertising (www.ipa.co.uk)
    - United Kingdom - ISBA / Incorporated Society of British Advertisers (www.isba.org.uk)

It is important that marketers understand the information provider's membership requirements or revenue model, since "pay for play" listings will likely be incomplete because many agencies will not pay to be listed.

Appendix 2 - Cultural Compatibility

Selecting a partner is as much about a strong chemistry and values match as it is about brass tacks capabilities. Beyond your assessment of an agency's core competencies (e.g., copy, media, research) and administrative processes, another key assessment should concern its ability to fit your company's culture. With the turnover rate in the business, it is critical that you select the whole agency, complete with its values, staff, orientation, operations, ownership, and culture—not the handful of people who have pitched your business.

Corporate culture governs how things are done. It is the fabric that holds a company together, and it is the ever-present management ethos that drives decisions when supervisors aren't around. The best way to determine if your values complement an agency's corporate culture is to visit and see firsthand how it operates.

First, know yourself and the answers to the questions you asked yourself at the beginning of the review process. Second, know the behavior that you value in a partner and evaluate the agencies according to that standard.

In visiting an agency, clues regarding their values and culture can be found everywhere. It determines what they consider important, what is rewarded, and how they behave.

Points that should be taken into account include:

- **Environment:** What is their environment like? Is it formal or informal? Quiet or loud? Empty or buzzing? Industrious or ambivalent? Safe or dangerous? Well kept or run down? Open or closed? Clean or dirty? What appears to be the relationship between private and public space? Are there any obvious amenities that you see like a cafe, childcare, or concierge? How do they communicate with each other about office events or news—through bulletin boards or monitors? How would you describe the office's ambience, the agency's energy, its staff?
- **Policies and practices:** Do titles, structure, and hierarchy seem to be important, or is the atmosphere more collegial? Do there seem to be any unspoken rules at play regarding dress code or interaction? What do you observe as to how departments are positioned, treated, or interact? Is the agency as proud to show you IT, operations, production, and the studio as the creative department? Finally, ask about what is rewarded if it isn't obvious—which accomplishments are celebrated and which performances get bonuses?
- **Who works there:** What does the staff look like? Is it younger or older? Diverse or not? What seems to be the agency's philosophy about staff? Permanent versus permalancers versus freelancers? What's the turnover rate? How do people interact with each other—do they seem formal? Familiar? Friendly? Do they trust each other? Do people appear to know what their roles are and how they fit into the bigger picture? Are they helpful and service oriented?
- **Meetings:** You can tell a great deal about an agency by how meetings are conducted. Is food important? Is there a sense of style and an aesthetic demonstrated in setting up a meeting? Are introductions formal or casual? As meeting participants, are you commingled with agency staff or seated on the opposite side of the table? Does the agency have a handle on technology and how it all works together—display, slides, video—or do they get tangled up in it? Do they have well-defined roles and yet interact well as a team to cover off key points and information?

In summary, the RFI or RFP process should give you a clear understanding of the agency's history, positioning and ranking, leadership, financial status, professional capabilities, and the folklore that influences its storytelling and reputation. Your visit to the agency should have softer criteria, driven by experience and impressions. It's the time to take everything in and see how the agency's values and culture mesh with yours—if this is a partner that you can and want to spend considerable time with working to solve your company's or brand's business problems.

Appendix 3 - Thoughts on "Spec" Creative Assignments—Also Known as Shootouts

The final presentation phase is typically designed to require that the agencies demonstrate their specific thinking on behalf of the prospective client.

If the marketer and the agency finalists believe that it will be beneficial to acquire more in-depth, collaborative interaction as means to inform the decision, the marketer should brief a select few finalists (up to three agencies) and ask for presentations in response to an assignment that specifically addresses the marketer's issues.

Spec Work Background

One of the more-debated aspects of the agency search process is whether to include a speculative work phase. At this point, you should consider whether you are shopping for a new agency relationship, a new strategic solution, a new campaign platform, or a specific project deliverable. In each case, clear communication about the expectations of agency deliverables will help you obtain the desired results.

Begin with the assumption that an agency's past work is the best example of how it works in a day-to-day collaborative relationship with a client to develop campaigns that solve business problems and that this is often the best testament to its capabilities. Additionally:

- Remember that some agencies have policies against spec creative—will asking for it eliminate your top agency contenders?
- In many reported cases, the speculative recommendations made by the winner are not implemented.
- Having a good outcome (applicable creative) from a speculative creative process will require a bigger time commitment for collaboration from the client during the process. It is virtually impossible to create a working relationship similar to the way you work with an agency in the "real world" with multiple finalist agencies in a short period of time. Also, since it is not possible for the agency to really know enough about all the variables (scope of work, timing, or other client needs) and they are being asked to work under tight time constraints, you are likely to have a "pitch" team in lieu of or, in addition to, a "real" team. This is because the best agencies typically don't have their best creative talent sitting in a room waiting for a pitch to cross their desks.

Spec Work or No Spec Work

If you are shopping for an agency relationship and do not have an immediate campaign deliverable, consider asking the agency to demonstrate how they would approach solving a problem strategically, or ask their point of view on a topic that is of interest to you rather than issue a speculative creative assignment.

If speculative creative is necessary to facilitate a decision, consider how you will:

- Make the assignment and deliverables clear.
- Brief the agencies regarding deliverables and the metrics that will be used as the basis for decision making (the approach and working method, collaboration, listening and response, production values, etc.).
- Simulate a real-world working relationship to experience what it's like working with the agency and examine how they work.

Develop a Spec Assignment Brief

The spec assignment brief is the basis for final stage agency-client interaction. A well-constructed spec assignment brief provides a clear outline regarding what the client is trying to accomplish and the fundamental challenges, opportunities, and expectations that exist. A good brief is brief—it is a summation of critical assumptions and necessary guidelines and knowledge that provide significant information and insight about the client's marketing activities. A spec assignment brief should be communicated in writing and then discussed between the parties in face-to-face meetings, allowing agencies to ask questions and explore areas with you. The briefing is as important as the brief—please allocate enough time for it.

Speculative assignments fall into two categories—strategic ability as well as strategic and creative ability.

Good strategic assignments might include the following:

- A "think piece" or white paper
- A strategic point of view or analysis
- A recommendation on how to invest the budget

If the process includes a spec creative assignment, the marketer should:

- Be clear and specific about the degree of finish and number of executions or approaches; typically it's rough work only or the degree of finish used in normal, ongoing client presentations. Do you want choice and a recommendation?
- Provide enough time for development and interaction (typically four weeks).
- Plan to be available for a "tissue" work session between the briefing and the final. Consider having multiple work sessions and provide the participating agencies with pointed feedback following each work session.
- Ensure the agencies have a single point of contact to address their questions. Ideally, the point of contact is the senior-most decision maker on the brand or project.
- Communicate the methodology for posing additional questions, requests for research, etc.
- Brief the agency in advance if new decision makers, who are not part of the review process, will be included in the final phase or the final recommendation.
- Allow adequate time (e.g., three hours) for agencies to present their work.
- Be human; schedule final presentations in a reasonable way to allow for you to digest and discuss presentations.

Spec Requirements: Information and Access

When spec work is part of the review process, give finalists enough information, access to you, and time to do the work effectively and efficiently. Consider these guidelines:

- Be prepared to share confidential information, research, etc. All parties involved (client, the agencies, and consultants) should enter into a confidentiality agreement.
- Spec assignment briefings are most effective when they are conducted in separate face-to-face meetings with each agency. This procedural approach allows the client team to interact with the agency team. If you must brief all agencies together, allow individual sessions for questions and answers. An agency is not going to ask its most-insightful questions with other agencies present.
- Be available to answer questions that arise during the work process within 24 hours.
- Most agencies also like to meet at least once with key decision makers to ensure their work is on the right track.
- Treat all agencies equally and maintain a level playing field. Do not punish an agency for asking a question that the others should have or for using its time differently.
- Determine and communicate in advance how speculative plans or creative work will be evaluated and tested.
- Give the agencies enough time to develop and present (for most agencies four weeks is acceptable), but do not overextend the time period.
- Have all the final presentations around the same time—a day or two apart maximum. Don't allow scheduling difficulties to create a situation where one or more agencies get more time than the others.
- Clearly communicate policies or limitations your company has with respect to leave-behind materials or accepting agency promotional materials. Tell the agencies the number of copies required.
- Ensure that your process allows the agencies to demonstrate what differentiates them beyond their final work.
- Take good notes. The agencies that don't win will want to know what they could have done differently when the process is over.

Final Meetings—Optimizing Spec Presentations
After this major time investment, do everything possible to allow the agencies to shine, and consider the following:

- In the spirit of being a good partner, be considerate of the agencies' lives outside the office. Try not to schedule the final presentations on a day following a holiday, as the agencies would likely have to work during the holiday to prepare.
- Select the final venue early. Think about possibly using two rooms to allow for more time for agency setup and tear down or advise the agencies that the setup will be limited to a specific amount of time (e.g., 60 minutes).
- Send the agencies floor plans of the venue in advance, and schedule time for them to inspect the venue.
- Provide the agencies with a list of available audio-visual equipment; make it clear that they have the option of using additional equipment at their own expense. (This will help them decide if they wish to bring in additional resources.)
- Provide a logistics coordinator who can handle all small requests from agencies, e.g., for information about shipping, setup, and return of materials.

Agree on Usage Rights
If the marketer is interested in obtaining an assignment or license of an agency-developed work product, then the agency and marketer should agree on supplemental, fair-value compensation for usage rights. Payment for usage rights should not be confused with token stipends that are paid merely to partially offset an agency's cost of participating in a review.

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