

Brands are rationalising their agency relationships Don't lose out in 2009.

The importance of installing a business development culture throughout marketing communications agencies.

Working with agencies across all disciplines, we have heard first hand the impact market conditions are having on pitch activity. Inevitably at some point after economic screws are tightened, companies look to review all their cost centres with outsourced activities such as advertising or media usually being fairly high up the list.

In the recent past, in an advertising context this pitch activity may have been caused by the non-performance of a brand, or by merger activity – a relatively rare occurrence. However in the post credit-crunch environment the senior management and boards of almost all brands are demanding more efficiency from all their suppliers. This attention on suppliers sometimes is delayed by a management imperative on getting their own house in order first – looking at product lines, distribution channels, pricing, internal staffing levels and the financing of their business. But sooner or later the spotlight will turn on marketing suppliers.

Marketing Directors will be encouraged to leverage better deals out of the market but also to maximise savings that could be had from better use of on-line media, or other alternatives to traditional media spend. There are more media alternatives now than there ever was in past economic slowdowns.

Paul Vellios – BD Director of Clarke McKay Walpole (www.cmw-london.com)- observed that there is currently pressure building in the world of agency new business pitching. Short lists are getting longer and agencies are under pressure to reduce margins and overheads to undercut each other on price.

Feedback from some of the UK's leading pitch brokers confirm that 2009 is expected to be one of the busiest years on record for advertising and media pitches. So how do you position your company to best take advantage of this 'perfect storm' of pitching?

First it is vital that you do not lose sight of the fact that your most important task is to ensure that as few of your current clients as possible put their account out for pitch. In this current environment most people assume that discounting is king. It is vital for the financial health of your agency that you focus on building the value proposition to your clients and not just bow to the pressure.

Get as close as you can to them, understand their concerns and pressures, and proactively review what you are providing so that they have a strong case to take to senior management that efficiencies are being maximised. This is the time to show that your agency is a real partner to your clients and not merely a supplier who can be changed to save money.

Treat each existing client like a potential new business prospect – create a War Room to understand them, and give them big ideas to be more efficient (not necessarily cheaper) that will capture the attention of the firm’s managing director.

Paul Vallois said that to take advantage of the current situation agencies “must understand the pressures clients are under”. He went on to say that “this is a period of challenge and of opportunity, and that ‘challenger’ brands using better creative ideas and better media with a strong ROI business case do well”.

This change of mindset as to how to better understand and capitalise on the needs of an existing client demands additional skills from your entire agency, particularly the account management and planning team. They need to see each current client as a prospect that they need to win – and treat them accordingly. Many senior account directors will never have worked in recessionary times and do not have a business development skill set - they are used to managing existing business.

Now is the time to encourage a business development culture throughout the agency – both to win pitches and retain important accounts.

Recent research conducted by In-House at the end of 2008 showed that 27% of agencies WOULD NOT describe themselves as having a new business culture. That should be of real concern to the thousands of people employed by those agencies.

It is a function of the good times agencies have experienced for the past eight years or more that the most senior people (CEO/MD) at a massive 57% of the agencies responding to the same recent In-House survey DO NOT have a new business background.

In difficult times, winning business is king, and people who fully understand and embrace business development assume more responsibility within an agency. If proof of that is sought, just look at the background of agencies recently set up. One or more of the management board will always have a 100% business development focus – vital if the fledging agency is to survive.

The interesting aspect of this ‘perfect storm’ of pitch activity is that, contrary to conventional wisdom, this is actually a very good time to start an agency or buy one - if there is a strong new business culture. There will be more opportunities to win accounts than has been seen for years. Those big pieces of business that were always seen to be out of reach will not be so unobtainable any more.

Of course to win business, the team must be good at pitching. The same research by INHOUSE showed that 57% of agencies thought they were only “average” or “could be better” at winning pitches. This shows a need for both training and motivation.

New business development is a high effort activity within an agency – people need the how-to skills to know how to do it efficiently so that it is not too disruptive or too big a drain on resources. Motivation is also key because it is vital everyone in the agency tries that extra bit harder on new business.

In that context it is surprising to note that 57% of agencies DO NOT give business development bonuses to the wider agency for winning business but only reward the dedicated New Business team.

Stephen Bates – Head of Sales & Marketing at Corporate Edge (www.corporateedge.com) - remarked that “in my experience most agencies do not fully appreciate what a strong new business culture means”. He points out if everyone in an agency is new business orientated, more opportunities will be generated, morale and team spirit will be boosted, and a more cohesive image of the agency will be projected to the wider market.

He also comments that some marketing agencies are not sure how to market or sell themselves. Stephen points out that this is not as surprising as it may seem because “agency people may be experts in advising large client organisations on specific fields such as Direct Marketing, Branding or Corporate Reporting, but many of them lack the ‘jack of all trades’ know-how and opportunistic attitude need to sell or market their own smaller enterprises”. This may mean that some agencies lack fundamentals such as CRM tools to manage leads, a defined process to manage a pitch opportunity or do not spend enough effort on marketing and PR.

One of London’s pitch brokers said recently that he could see a very different business development culture in those agencies that are owner managed as opposed to those that have management reporting to global head offices. He observed that agency pitch teams who from owner-managed agencies were more likely to impress a prospect by demonstrating a real passion to win their business. It would seem that passion or that hunger to win is not as nurtured as it could be in management driven agencies.

Ian Forbes – CEO of Corporate Persuasion (www.corporatepersuasion.com)- told us that, in his experience, pitches are won by teams who can clearly show they want the business more than their competitors. He explained that some of the ways passion comes through are;

1. An agency showing that they understand the prospect organisation better
2. They create a better relationship with the decision makers
3. They provide more compelling reasons for the prospect to partner with them, often beyond that asked for in the pitch brief
4. Their actual pitch is more memorable because of the clear focus of its direction, and the clarity and power of its communication.

From our unique position, we do hear of agencies – big and small – still pitching for important pieces of business without having a clear process to help them achieve predefined success criteria. Without a robust process and the skills to implement it agencies will inevitably struggle to really differentiate themselves and show their passion to work on that account.

2009 is set to be the year of the pitch. To take advantage of this ‘perfect storm’ of pitching an agency must do whatever it can to create a business development culture throughout the agency. It will take that cultural mindset plus management ensuring that the right resources, processes and training are invested in the effort to getting a winning edge.

The rewards can be great for those that get it right, and it is worth remembering that the alternative of doing nothing could spell disaster.

In-House are specialists in sourcing dedicated New Business professionals and Senior Client Handlers with track records in growing revenue. As ex-agency business development professionals ourselves we understand how important it is to have the right talent in place to achieve the results you need. Our recruitment service combines the benefit of our first hand knowledge with funded access to an agency specific ‘Business Development Excellence’ programme to provide knowledge and ongoing support to all New Business and Client Handling candidates we place into agencies. The ‘Business Development Excellence’ programme is also open for agencies to access directly – contact In-House for details.