

# What matters most when selecting an agency

CMOs, use your intuition and get to know shops well

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for smart marketing

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One of the most important decisions a CMO makes is agency selection.

These days, client-agency relationships fray faster than ever. They last, on average, only three years. This harmful churn reflects growing pressure on CMOs to deliver short-term results in a tough environment. Marketing is scrutinized around the clock, and CMOs face a vastly more complex, multiplatform ecosystem. Even the communications model was turned on its head as the consumer seized control of it. This upheaval makes agency selection more difficult than ever. More than half of agency reviews backfire within a few years.

Over the last 27 years I was involved in more than 250 reviews. My conclusion? Successful agency selection requires an adaptation on marketers' part. In their day jobs, marketers are called upon to deal overwhelmingly with the quantitative dimensions of their brands, such as staying within budget, measuring ROI, pricing and managing expenses. However, considerations when selecting a new agency are mostly intuitive. They require in-depth knowledge of agencies, their culture, the players and capabilities. Here is what matters most when selecting a new agency:

## 1. Don't hire an agency.

Hire a culture. The core values of an agency will foretell the kind of relationship you are likely to have. Favor agencies that are collaborative, innovative and proactive. Avoid agencies that tolerate fiefdoms. And their office often will reflect their culture. It will tell you a lot about them. The

mark of a good agency is often in the cheerfulness and energy in its corridors. So hang around a bit.

## 2. Talent rules.

The most critical decision in any review is getting a measure of the agency talent. Agencies that are brave, culturally diverse and committed to self-expression create better, more forward-thinking teams. Find out what kind of people they hire. Are they ambitious? Inspired? Make sure that the talent is technologically literate. Ask to see the agency's turnover rate. Spend time with HR and find out how the agency hires, promotes and rewards its talent.

## 3. Set expectations.

For your team to collaborate, agree on your needs and expectations before you start. Agree as to what kind of agency you want. Decide whether you need a firm that excels in image advertising, or perhaps you prefer a hard-sell, results-oriented retail agency. Decide if you prefer a multi-office global network or a creative hot shop. Make sure that your objectives are strategic and fit your culture.

## 4. Decide who are the deciders.

Everybody on your team will want to participate in the agency selection. Taking part in a search for a new agency is exciting and fun. However, giving equal weight to all opinions ignores the fact that different managers have different levels of experience, and sometimes, different expectations. Fewer people, and more senior people, make for a better selection committee.

## 5. Avoid a cast of thousands.

Considering 50, 30 or even 15 agencies is not commonsensical. If you have done your homework,

your initial “long” list should be relatively short and focused. If you are not sure which agencies to invite, rely on your industry association or a search consultant for advice.

#### **6. Don't use the RFP to collect data.**

Instead, collect knowledge. Use the RFP to find out why agencies are interested in your business. Find out if they are truly passionate or simply mercenary and opportunistic. Ask about their success and failures. What an agency learned from its failure is more revealing about its character and how it handles adversity. Use the RFP to ask them where would they want to be in five years and which path will take them there.

#### **7. Don't restrict your search.**

Location doesn't matter much. With email, FedEx and mobile phones, you can keep in touch 24/7 from anywhere. And limiting a search to agencies with only category expertise is ill advised. Agencies with disproportionate category expertise might indeed be appropriate, but some might sometimes succumb to groupthink. So don't prejudge. Sometimes if you want fresh thinking, look for an outsider perspective.

#### **8. Don't choose by brand name alone.**

Agency brands are important. They provide a sense of the agency's history and its values. However, the agency brand will not be as important to you day to day as the immediate agency core team, the people that will be dedicated to your business. In the long run, these people's dedication and passion for your business will determine how successful it will be. Choose your agency team well and choose it carefully. Make sure that you get to meet and spend a lot of time with them before you commit.

#### **9. Don't choose by price alone.**

Price matters, of course, especially in today's challenging environment. But squeezing the agency's bottom-line unreasonably might be counterproductive. It could result in downgrading the quality of talent on your business and dilute the service. Instead, pay the agency fairly and increase savings by improving operational efficiencies. You are hiring an agency for the quality of its output, so avoid letting cost be the tail that wags the dog.

#### **10. Have the right perspective.**

Don't just hire an agency based on its history. Hire its future, its vision. Look at what it thinks about the most important consumer trends. Find out how well it gets technology, how deep and central to its culture that is, and whether it understands how to use social media.

Relationships fail when client expectations are not met and dissatisfaction is ignored. However, it's rarely beneficial or healthy for a marketer to abandon a deteriorating relationship with an agency without trying to first repair it. A relationship audit can sort out hiccups without the necessary expense and time demands of replacing current resources. Restoring effective and vibrant communications with the incumbent, sometimes by involving third-party mediation, is always the preferred approach to client-agency relationships.



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