

a Decideware white paper

# Best Practice Agency Relationship Evaluations

What we've learnt from  
the world's best advertisers



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## Introduction

Given Decideware's close involvement with the evaluation programs of advertisers all around the world, we are often asked what lessons we have learnt. What is the best way to implement and manage an agency relationship review program? What is agency relationship evaluation best practice?

In other words—**what have we learnt from the worlds best advertisers?**

While all of our clients have their own unique methodology and approach to agency relationship reviews, we have been able to identify some common characteristics which we believe represent best practice.



### Summary of the 10 Tips For Best Practice Evaluations

1. Clarify the purpose of the program
2. Limit the questionnaire/scorecard to 15–25 meaningful measures
3. If applicable, include performance objectives
4. Make the program as easy as possible for participants
5. Involve the agency
6. Evaluate the client's performance
7. Transparency and immediacy are essential
8. Make sure that reporting outcomes are superb!
9. Ensure that the evaluation phase is followed by Action Planning
10. Use specialist software



Decideware provides software and services to help advertisers better manage their agency relationship reviews. Our clients include advertisers all around the world, global and local, large and small in industries including FMCG restaurants, computers & technology, pharmaceuticals and retails. Our software is completely configurable, so even though it is used by a large number of advertisers, all of them tailor it to their specific needs. Accordingly, all our clients are conducting the relationship reviews in a unique manner.

# 1 Clarity Of Purpose

## Issues

A common problem we encounter with agency relationship reviews is that participants at all levels are often unclear about the purpose of the program, and how it is implemented. Typically this problem occurs when a program has been in place for a number of years and has taken on a life of its own. The problem with this state of affairs is that administrators, evaluators and the agencies all become disenchanted and therefore reluctant to participate.

## Discussion

Advertisers with best practice agency relationship evaluation programs ensure that all participants in the program — administrators, evaluators and the agencies — know clearly why the program is in place and how it is implemented. Questions to consider here include:–

- What is the purpose of our agency evaluation program?
- Is the program solely focused on identifying the strengths and weaknesses of our agency in order to improve their performance and our satisfaction with their performance? Or are other issues involved as well e.g. the calculation of incentive compensation payments?
- Is the key purpose to help us understand how the agency could do better (one way review), or we do also want to know how we could better manage the agency (360 degree review)?
- What actions do we intend to take at the end of each review e.g. meeting of senior management from the client and the agency? Do we intend to develop an Action Plan to direct the next steps?

## Best Practice Recommendation

Clarity of Purpose: best practice evaluation programs should have clarity of purpose. The programs lead to actions that have value for all stakeholders. Everyone in the program is on board.

# 2 Questionnaires & Scorecards

## Issues

Questionnaires (or scorecards) are one of the most important elements in an agency evaluation program. Designing good questionnaires requires skill and effort but will contribute to a more effective program.

## Discussion

The heart of all relation evaluation programs is the questionnaire or scorecard used as the basis for assessment. Problems here include:–

- Uncertainty about the questionnaire or scorecard. Participants do not agree with the evaluation measures or are uncertain about where they came from.
- Too many or too few evaluation criteria. Too many evaluation criteria deters participation. But too few results in an outcome that can be unclear and misunderstood;

- Relevance. Evaluation criteria fail to address the real issues in the relationship, either through wording or prioritization;
- Over-personalized questionnaires or scorecards. So it becomes difficult to compare and benchmark outcomes across different relationships;
- No comments. The program cannot accommodate comments as well as scores. So managers of the program can identify an issue (good or bad) but do not know the reasons for it.

### Best Practice Recommendation

Best practice relationship evaluation programs are rooted in questionnaires or scorecards that address real needs. They are developed collaboratively with input from all key stakeholders e.g. Marketing, Advertising, Purchasing and the Agency.

In our experience the best practice questionnaires or scorecards comprise about 15–25 evaluation criteria. This allows an accurate picture of the relationship to emerge without deterring participation.

There should be different questionnaires or scorecards for different agency types – Creative, Media, PR, DM, Design, etc. However, the section headings within the questionnaires or scorecards should be constant across all agency types in order to facilitate cross-comparison or benchmarking of outcomes.

Best practice relationship evaluation programs capture comments. These are especially important if scores are extreme, either very good or very bad. A key goal of a best practice evaluation program is to understand why something is happening. This is helped considerably if assessor comments are gathered and stored.

Finally, the questionnaire or scorecard needs to be prioritized for importance. After all, the final questionnaire or scorecard represents a blueprint of expectations. It is worth remembering the old maxim: “People do not do what’s expected, they do what’s inspected”. Make sure what you inspect in your evaluation program reflects what you want in terms of both content and prioritization.

## 3 Include Specific Performance Objectives

### Issues

Many of our clients these days set specific performance objectives for the year. They are often integral to incentive compensation calculations and payments. However, a common frustration is that the relationship evaluation program cannot accommodate measurement of performance against the set objectives. Nor include their level of achievement as a component of the overall outcome.

### Discussion

Advertisers with best practice relationship evaluation programs have found ways to include performance objectives i.e. the setting of objectives and the “scoring” of achievement of them. Some tips we have learnt:–

- Avoid overloading the program with too many numeric objectives. Instead, try to merge many objectives into a single or few scores;

- Differentiate between “hard” and “intermediate” measures. (Hard measures are typically sales oriented; intermediate measures are usually research based e.g. tracking scores);
- Performance scores against objectives should be entered by only one person. It can be confusing if all assessors in the program get to enter what should be a single unequivocal score!
- Prioritize for importance the weighting to be allocated to the achievement of performance objectives as opposed to the main assessment survey outcome. Thus, for example, the overall outcome might be shown as follows:-

	Outcome	Importance
Objectives – hard measures	3.0	10%
Objectives – intermediate measures	2.9	10%
Assessment Survey	3.7	80%
<b>Total outcome</b>	<b>3.5</b>	<b>100%</b>

### Best Practice

The relationship evaluation program must accommodate specific performance objectives. The objectives – and their relative importance – should be clearly delineated.

## 4 Participation

### Issues

Low levels of participation by potential assessors often undermine relationship evaluation programs. This is a problem for 2 important reasons:-

- A basic goal of an agency relationship program is to uncover views at all levels and touch points in the relationship, an objective that is ever harder to achieve as issues of geography and devolvement come into play;
- High levels of participation in the program enhance its value and credibility.

### Discussion

Agency relationships typically unravel from the bottom up. Every agency knows to keep the CMO happy! But what about the team handling the day-to-day business? What about the team in some far-off country? If the goal of the program is to optimize performance and satisfaction in the relationship then the views of all participants must be sought. Early detection of problems – or more positively, the discovery of successes – is the best way to optimize the relationship.

Turning to levels of participation, the more people that contribute then the better the result. As with market research or elections, the outcome becomes both richer and more representative as participation levels increase. And the more robust the input, the more valued the outcome.

These problems can be addressed in a number of ways:-

- Ensuring that the program is designed to be “bottom up”. For example, our global advertisers invariably evaluate local brand relationships and then roll these up to get a total country outcome, then regional and then global. Evaluating from this local level means that every assessor has a real and meaningful reason to participate;
- Optimizing the user friendliness of the questionnaire or scorecard e.g. by limiting the assessment criteria to approximately 15–25 questions.
- Making the assessment process intuitive; if explanations and training are required, participation rates fall;
- Offering the ability for assessors to be able to easily add comments as well as score.

### **Best Practice Recommendation**

Design and structure the relationship evaluation program to be as intuitive and user friendly as possible for assessors, allowing them to add comments and including people working at all levels of the business in every geographic location.

## **5 Agency Participation**

### **Issues**

These days it is unusual if the Agency does not participate in the evaluation program. Benefits of their participation include:-

- Uncovering gaps in perception. A common problem in unraveling relationships is that the agency is unaware of a problem because they think they are performing well in a particular area. Equally, we often encounter situations where the agency feels it is underperforming while the client is actually quite happy with the level of performance! Either way the agency needs to know about these situations and a Gap Report is an extraordinarily graphic and effective way to communicate this.
- Ensuring that the agency is fully engaged in the process. The very discipline of having to prepare a self-assessment should be a process of self-discovery for the agency. Being reminded about the priorities in the relationship – and reflecting upon your performance in a disciplined manner – can only be helpful for the Agency.
- Demonstrating fairness. By giving the agency its opportunity to provide input, the client demonstrates even handedness.

### **Discussion**

Best practice relationship evaluation programs facilitate agency participation as follows:-

- Initially, the Agency (or agencies) is often asked to contribute or comment on the questionnaire or scorecard. (While agency input is welcome, at the end of the day the client has the right of veto, not least because the agency line-up can change and the same questionnaire or scorecard may be used across several different agencies).

- Prior to the implementation of each review the Agency needs to be alerted in a similar manner to Client participants – timing, goals, process, etc.
- Agency feedback is collected “bottom up” at the level of local accounts as per the Client set-up. Agencies should be offered the choice of how they contribute, either individually or collectively as a team. (In our experience, most agencies prefer to collect input collectively as a team whereas most Clients prefer to collect input via individual inputs which are later aggregated to form a team position.)
- Agencies should receive some kind of feedback at the end of the process. Optimally this should take the form of an Action Plan meeting.

### Best Practice Recommendation

Get the agency involved as much as possible in the evaluation program, ensuring particularly that they understand its goals and objectives, participate in the evaluation phase, and join in discussion of the findings (Action Planning).

## 6 Client Performance

### Issues

Should the performance of the Client be included in the relationship evaluation program? This is a hot question at the moment. The issues are implicit in the heading from another Decideware White Paper – “Can You Handle The Truth? Using 360 degree Feedback As Part Of Your Agency Evaluation Program”. But underlying this issue is the reality that the client ultimately leads the relationship (briefing and budgeting) and has the final say (approval).

### Discussion

Given the leadership role of the Client in the relationship, best practice relationship evaluation demands assessment of the Client performance as well as that of the Agency. How best to accomplish this given the obvious sensibilities on both sides?

A prerequisite for success when evaluating the Client’s performance is trust:–

- The agency must trust that the client will use the feedback in a constructive manner. The agency needs to feel that your organization is committed to improving the relationship for the mutual benefit of both parties.
- The client marketing stakeholders must trust that their agencies are approaching the process with the objective of improving the relationship, not just to release pent-up frustration.
- The client marketing stakeholders must trust that senior management will use the findings in a positive way, and should thus not view it as a threat.

This may mean that evaluation of the Client’s performance is best phased in, either after evaluation only of the Agency’s performance has commenced, or account-by-account.

What should be measured when evaluating the Client’s performance? Best practice questionnaires or scorecards focus exclusively on enabling processes and behaviors i.e. factors at the Client which help the

agency perform its designated role. On the other hand, the agency should not be asked to comment on the client's marketing/advertising skills!

Another best practice procedure is to have the marketing team help build the criteria on which they are to be evaluated. This has the dual benefit of having them perceive the results as more relevant, as well as being more committed to act on the feedback.

Finally, best practice evaluation of client performance ensures that any issues or outcomes that arise can be acted upon. There is no point in asking a question if the Client organization either cannot, or is unwilling to make a change in the measured area.

### **Best Practice Recommendation**

If the nature of the agency relationship is a partnership, then the client's performance must be evaluated as well as the agency's. However, inclusion of the client's performance should wait until everyone is able "to handle the truth"!

## **7 Transparency & Immediacy**

### **Issues**

A common frustration among participants in relationship evaluation programs is that the processes are opaque and that outcomes along the way are not immediately available. As a result, confidence in the program is undermined. And if participants in the program lack confidence in it, the effectiveness and the value of the program will be undermined.

### **Discussion**

Best practice relationship evaluation programs are characterized by transparency and immediacy at all stages:-

- When the scorecard or questionnaire is developed and prioritized, the outcomes are available immediately so that the stakeholders can keep revising until they are completely happy with the result;
- The prioritized scorecard and objectives are visible to participants in the program at all times;
- Whether the scoring or assessing is done individually or collaboratively, the outcome is available immediately so that assessors can revise their inputs if required;
- The program should constitute a transparent "audit" of the relationship and be available for reference.

A further benefit of transparency and immediacy is that it encourages participation. People are more likely to contribute if they see immediately the result of their efforts.

### **Best Practice Recommendation**

Ensure that the evaluation process is transparent and immediate. This will considerably heighten confidence in the program and thereby foster confidence and support.

## 8 Valuable Reporting

### Issues

The whole purpose of relationship evaluation programs is to get useful, trustworthy reports into the hands of the right managers so that they can then take appropriate action. This is a fundamental goal of any evaluation program. However, we hear repeatedly that established programs deliver patchy reports, late, and often to the wrong people!

### Discussion

Best practice relationship evaluation programs work out from the outset what reports are required. The program is then configured to deliver the appropriate reports. As we have seen already, usually this means assessing the relationship at a low level (e.g. local brands) and then rolling up findings to create regional or global outcomes.

Additionally, best practice reporting recognizes that reporting is not static. Managers need to be able “slice and dice” and dig deep. Common breakouts include:–

- By business units within the company
- By brands
- By geography – country, region and global
- By agency
- By agency holding company
- By type of agency
- By function of assessor e.g. Marketing, Advertising, Accounting, Purchasing, etc.

By measuring the relationship at the local level managers and administrators of the program can roll up results to get aggregated outcomes and distribute reports accordingly.

What reports do our best practice companies require?

- Overall outcome and by sections and individual assessment criteria of the questionnaire or scorecard;
- Gap report showing the difference between the client and the agency’s perception;
- Comments report showing every comment made by all participants;
- Achievement against set objectives;
- Trend reports;
- Benchmark reports comparing findings e.g. between agencies, agency types, business units, geographies, etc.

Accessibility to reports is critical. Line managers must be able to access and create reports as required. Optimally this is best accomplished if line managers can log-on and generate reports dynamically. Managers need to be able to dig deep. Obviously access is controlled so that line managers are only able to access reports that are relevant to their responsibilities.

### Best Practice Recommendation

Work out what reports managers find valuable ahead of implementation of the program, and then make sure that the reports are produced and made available to managers.

## 9 Actionable Outcomes

### Issues

“Nothing ever happens after the assessment is finished.” This is worst practice! The whole point of relationship evaluations is that they result in actions to address identified issues – either building on strengths or fixing weaknesses. Yet a recurring criticism by participants in many agency relationship evaluation programs is that nothing ever happens after the assessment phase.

### Discussion

With best practice relationship evaluation programs the assessment phase of the program is followed by robust analysis and then action meetings with the agency. So the assessment phase is not an end in itself but rather a means of gathering valuable information to facilitate action planning. This is accomplished in meetings with the agency involving senior management from both sides. These meetings are held locally, regionally and globally as required.

The meetings review the findings from the assessment phase and progress to Action Plans that address weaknesses and build on strengths. Broad objectives of these meetings are:-

- To understand the current state using factual, reliable and complete data;
- To be a two-way flow of information to both uncover issues and also recognize excellence;
- To improve agency performance and seek to optimize costs;
- To ensure that the client is “enabling” the agency to work at maximum efficiency and effectiveness.

The meetings allow an open dialogue that references the findings of the evaluation in order to ensure an informed, fact-based discussion. For each issue an action point should emerge. These should be documented. Together they constitute an Action Plan which should be kept, distributed and referenced.

The Action Plan meetings conclude with:-

- Setting of goals and expectations for the next evaluation period;
- If applicable, discussion of Performance Incentives;
- Agreement about timetable for the next evaluation period.

### Best Practice

Ensure that the program leads to actionable outcomes that are implemented! This should include an Action Plan meeting (or series of meetings) involving the senior management from both sides of the relationship.



## 10 Implementation & Management

### Issues

Managers and administrators often find them difficult to implement and administer. The larger and more complex the program then the worse this situation becomes. Problems include:-

- Too much time spent on the assessment phase of the program and not enough on analysis and Action Planning;
- Difficult to identify the correct assessors to participate. And then difficult to keep track of their progress;
- Time consuming to generate reports. And the reports required keep changing;
- Very difficult to cross-compare findings, benchmark and generate trend reports;
- Impossible to get the right reports into the hands of the right managers.

Usually these problems result because the program is administered using spreadsheets or some generalist survey tool. While management takes comfort from the low cost of this approach they overlook that it produces very little value. An evaluation program that produces no value for participants is not worth the heartache!

### Discussion

In the same way that companies use specialist software to facilitate accounting, best practice advertisers use specialist software to manage their relationship evaluation programs. The reasons include:-

- Slashes the amount of time taken on the unproductive task of gathering information so that more time can be spent on the valuable tasks of analysis and Action Planning;
- Basic but crucial administrative chores are made easier e.g. email communication, the tracking of assessor progress, etc;
- Participation rates increase which improves the quality of the program;
- Transparency and immediacy improves credibility;
- Reporting is made easier i.e. it becomes easier to create tailored reports and distribute these to line managers as required;
- Facilitates Action Planning;
- A robust record is created which can be referenced over time and acts as an “audit” trail.

Quite simply, specialist relationship evaluation software facilitates a much better outcome.

### Best Practice

Take the heartache out of agency relationship evaluations. Like other departments, use specialist software. It will re-balance the program so that time is spent productively on analysis, report distribution and Action Planning rather than on information gathering. And specialist software will establish an “audit trail” and information warehouse.

## 10 Tips For Best Practice Evaluations

### 1. Clarify the purpose of the program

Identify the objectives of the program and make sure that these are clearly communicated to and understood by all stakeholders (including the agency). Best practice evaluation programs should have clarity of purpose. They produce outcomes that have value for all stakeholders.

### 2. Limit the questionnaire/scorecard to 15–25 meaningful measures

Get stakeholder buy-in to the questionnaire or scorecard, and make sure that it measures what's important in the relationship. This includes prioritization for importance.

### 3. If applicable, include performance objectives

Incorporate objectives into the program if these are going to be used when assessing the overall relationship. Ensure that achieving the objectives is prioritized for importance viz. how much weight is attached to the achievement of objectives compared with the survey outcome.

### 4. Make the program as easy as possible for participants

Design and structure the relationship evaluation program to be as intuitive and user friendly as possible for assessors. Strive for maximum levels of participation by assessors in the program. High levels of participation ensure a richer and more robust outcome thereby heightening the credibility of the program.

### 5. Involve the agency

Have the agency participate in the program as much as possible. This can include everything from the initial set-up, through the assessment process to Action Planning.

### 6. Evaluate the client's performance

Include evaluation of the client's performance as well as that of the agency. The client sets the tone for the relationship and has ultimate veto power. So the client's performance needs to be included when evaluating the overall relationship.

### 7. Transparency and immediacy are essential

Ensure that the program is transparent and delivers immediate results. This will build confidence in the program thereby making it more valued.

### 8. Make sure that reporting outcomes are superb!

They must be valuable and easily accessible by line managers. Work out what reports managers find valuable ahead of implementation of the program, and then make sure that the reports are produced and made available to managers.

### 9. Ensure that the evaluation phase is followed by Action Planning

The basic goal of relationship evaluations is to optimize performance and satisfaction by addressing identified issues (good and bad).

### 10. Use specialist software

Take the heartache out of agency relationship evaluations. Like other departments, use specialist software. It will re-balance the program so that time is spent productively on analysis, report distribution and Action Planning rather than on information gathering. And specialist software will establish an "audit trail" and information warehouse.

# Decideware is the world's leading provider of advertising agency management solutions

We provide major advertisers with tools to help:

- **Evaluate** their agency relationships & performance
- Manage their **Agency Roster** program
- Improve their **Scope of Works** processes

Our clients include leading advertisers in the US, Australia and the UK – see **Clients** at [www.decideware.com](http://www.decideware.com)



## Agency Evaluation

Our core business is agency evaluation and we work with some of the largest advertisers to assess the performance of their agencies. We don't provide a marriage guidance consulting service. We do provide software & services to ensure every deployment is successful.

Clients buy Decideware because they want experts who can generate meaningful insights into all their important agency relationships, to help them improve agency performance and the quality of the work.

See **Managing Advertising Agency Performance** at [www.decideware.com](http://www.decideware.com)

## Agency Roster

Marketers want to put the right agency on the right piece of business, every time. But that's not possible unless you have a database of all the agencies that are currently working on your business, and those who want to.

With significant direction from clients, we've developed a tool which helps advertisers understand the capabilities and past performance of all the agencies interested in their business.

See **Software** at [www.decideware.com](http://www.decideware.com) for more information

## Scope of Works

Our advertiser clients asked us to build an online Scope of Works module because they're frustrated their paper systems can't keep up with the fast pace of the advertising business. They asked to make sure the tool was online, fully featured to accommodate their current SoW business practices – and fast, stable, reliable, etc.

This new tool, currently in acceptance testing with a well known advertiser, will give clients the ability to work with their agencies to ensure the work stays on-time, on-budget and on-brief.

See **Software** at [www.decideware.com](http://www.decideware.com) for more information

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