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BEST PRACTICES FOR IMPROVING THE RELATIONSHIP BETWEEN MARKETING, PROCUREMENT, AND AGENCY PROFESSIONALS

By John Wolfe

BUILD A STRONGER BOND

Even though executives from the disparate worlds of procurement, marketing, and agencies often clash, they still have to work closely together in order for national advertisers to complete their marketing plans. But it isn't easy.

For almost 10 years, ever since procurement was made a key part of the mix, the three groups have often been at odds, so much so that toward the end of 2009 there was a flurry of trade press articles chronicling examples of "bad behavior" among the trio. The noise was public enough to spark action by the ANA, which, in 2010, commissioned an online survey of marketing procurement, marketing, and agency professionals to help the association determine the extent of the problem and solicit information and advice on how it could be addressed.

"We found there were a lot of gaps in the responses between procurement and internal marketing, as well as between procurement and external agencies, regarding the role and value of procurement in the equation," says Bill Duggan, group executive vice president for the ANA. Especially disconcerting were the discrepancies the survey showed between procurement people and their own marketing executives — two groups that ostensibly play for the same team.

Dubbed "Procurement: The Good, the Bad, and the Ugly," the ANA study produced a set of best practices on how to strengthen the procurement/marketing/agency relationship. Subsequently, the ANA created the Procurement Task Force, which recently launched a Procurement Mentoring Program (see sidebar, below). We reached out to several Task Force members from ANA member companies, along with their agency counterparts, to get their perspectives on some key best practices.

1 AGREE ON THE DEFINITION OF VALUE. Not surprisingly, there were differing opinions about the value procurement brings to the relationship with marketing and agencies. "Every individual has a different definition of what value is and what constitutes success," says Jim Akers, senior director and global lead for marketing and sales sourcing at Pfizer Inc. "Lay upon that the fact that each marketing challenge is different and the roles of procurement and marketing within the company are inherently different."

Lisa Figel, group category manager of U.S. agency procurement for Johnson & Johnson, stresses the need for both marketing and procurement to be on the same page. "It's critical to ensure that the goals of the two are completely aligned," she says. "That's where the trouble begins — when there are conflicting goals. Procurement should never pursue a goal that marketing hasn't signed off on."

Brett Colbert, global manager of advertising for Anheuser-Busch InBev and cochairman, with Akers, of the Procurement Task Force, agrees with Figel: "The problem is that not everyone is aligned to the same KPIs. You need to have mutual accountability to the same

KPIs. Collaboration is key, accountability is key. Procurement needs to be tied to marketing KPIs, otherwise you're not delivering on the same goals."

Procurement's definition of value too often gets connected to costs, contends David Adelman, chief marketing officer for Mindshare, a GroupM media services agency based in New York. "Some procurement folks confuse price with value and try to drive the agency's margin into negative territory," he explains. "This is a short-term win, which often leads to demoralized agency teams and dissatisfied clients."

2 INVOLVE PROCUREMENT EARLY IN THE PROCESS. According to Pfizer's Akers, bringing procurement into the process as early as possible would help the argument about "value." "The best way to close the gap is for procurement and marketing to engage early and often," he says. "Procurement should be as embedded in the brand team as early as possible. That way procurement can understand what the marketing team is after and can work it into their own daily responsibilities."

Having procurement in the room at the very beginning also helps ensure alignment on overall goals, J&J's Figel says. "They will learn the priorities and the hot buttons and all the points that will be critical in the negotiations," she notes. "It helps ensure that goals and objectives are aligned from the beginning."

Cleve Langton, chief partnership officer for the New York-based communications agency Brodeur Partners Worldwide, says procurement should definitely be brought in early so there are no surprises later on regarding budgets and fees. "Procurement should not initiate or lead the review, but they need to make their role and their guidelines known early on in the process," he points out. "Too many times agencies assume rates or fee structures only to find out too late that the account cannot be run profitably based on the scope of work versus the agency's overhead and hourly rates. The thrill of the hunt too frequently obscures the realities of procurement."

Early involvement allows procurement people to ask the right questions, which will help streamline the entire process, says Sal

PRINCIPLES OF PROCUREMENT

ANA LAUNCHES MENTORING PROGRAM

One of the key initiatives created by the ANA to improve the often testy relationship between procurement, marketing, and agency executives is the ANA Procurement Mentoring Program. Created in 2010, the program connects senior-level executives with less experienced colleagues to share and discuss resources, best practices, values, procurement skills, perspectives, attitudes, and behaviors.

The mentoring program

was hailed as one of the 10 "biggest stories of the year" for 2010 by *Advertising Age*, which noted that participants include "high-powered executives from IBM, Johnson & Johnson, Toyota, and Anheuser-Busch," among other ANA members.

The initiative, which includes both one-on-one meetings and a series of webinars, is designed to improve marketing procurement knowledge and expertise among executives from two

key groups who play for the same team: procurement and marketing. "Many marketing procurement departments are young, and most marketing procurement professionals don't have previous marketing and advertising experience prior to moving into their marketing procurement role," says Bill Duggan, group executive vice president for the ANA. "The program is necessary to address the youth of many marketing procurement departments

and the inexperience with marketing of many marketing procurement individuals."

According to Duggan, the program is divided into three subcommittees covering the following areas:

Procurement mentoring.

This part of the program connects two mentors with one junior colleague based on the younger executive's areas of expertise. The two groups will meet regularly, both in person and by phone, to cover topics such as agency compensation, agency performance measures and evaluation criteria, how

Vitale, a former procurement director of marketing and advertising for American Express Corp. “In the early stages we can ask how we’re going to measure something,” he adds. “If the agency tells me they’re giving me a senior art director at a premium price, how do I know the service is premium? Could I get the same from a junior art director? If I’m in the process early I can ask those questions.”

3 UNDERSTAND THAT MOST ADVERTISING SERVICES ARE NOT COMMODITIES. “Advertising services are not commodities — they are specialized services and most people know that,” says Colbert, of Anheuser-Busch InBev. “But there are aspects of the service that can be considered commoditized — for example, print production and broadcast production. Agencies know that too.”

However, Brodeur Partners’ Langton believes that procurement people take too narrow a view of the underlying reasons why some services cost more than others. “My experience is that many procurement people understand the advertising services but don’t appreciate the wide variance in cost based on both geography and, more importantly, on the level of creative talent that is required for many of these services,” he says. “The perspective is still too much that an FTE (full-time employee) is just an FTE.”

Mindshare’s Adelman cautions against making generalizations when discussing how procurement officers treat their agencies, saying it’s a mistake to assume that all procurement people think alike. “The best of them truly value the agency’s offerings and work with the agency and marketing teams to define what’s valuable and ensure that it gets rewarded,” he notes. “This motivates the agency to put good people on the team, and to do great work so everybody wins.”

Pfizer’s Akers asserts that it’s the agency’s responsibility to make sure they are not treated as a commodity. “What I’ve said to my agencies is if you’re not getting someone on the procurement team who speaks your language and understands your business model, it is incumbent upon you to request that you have

procurement should be measured, and overall agency relations. A discussion guide outlining goals, objectives, and milestones for each mentee is also in the works.

Branding and public relations. The goals of this subcommittee include developing a white paper defining the role of marketing procurement, identifying marketing procurement best practices, and collecting case studies on marketing procurement success stories. Duggan says the subcommittee also will initiate discussions between ad agency representatives and ANA members to

debate issues, recommend best practices, and provide guidance for improvement in mutual understanding and communication.

Education and curriculum.

This group will also work on producing a procurement white paper and will develop educational offerings in agency compensation, stakeholder engagement, agency performance and evaluation criteria, agency relations, production, scope of work, and developing RFIs and RFPs.

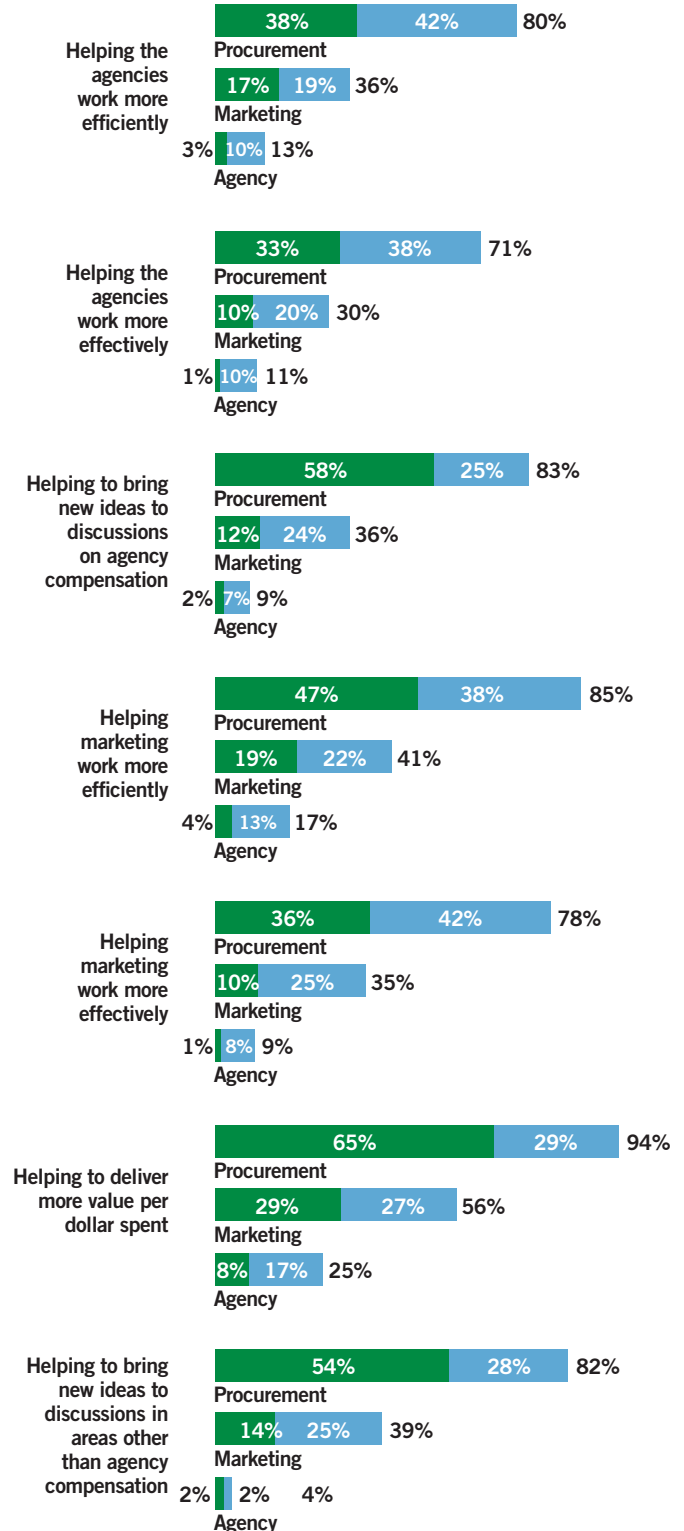
For more information on the ANA Procurement Mentoring Program, visit www.ana.net/procurementmentoring.

Perception of Marketing Procurement’s Performance Regarding Specified Goals

TOP-2-BOX RATINGS ON 5-POINT SCALE (“EXCELLENT/VERY GOOD”)

Base: Total Sample
N= (76) (59) (90)

■ Excellent/Very Good ■ Good

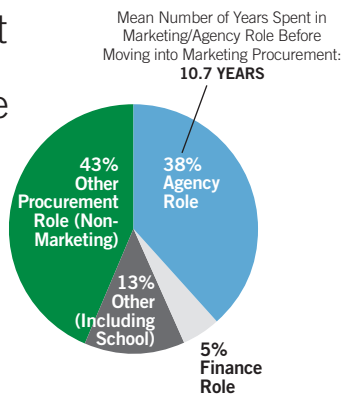


Q19: How would you rate the marketing procurement department for its current performance regarding each of the goals — excellent, very good, good, fair, poor?

SOURCE: ANA, 2010

Where Respondent Was Assigned Immediately Before Moving into Current Role in Marketing Procurement

Base: Total Marketing Procurement Sample
N= (76)



Q3: Which of the following positions best describes your professional background prior to taking on your current role in marketing procurement? Please select one response only.

Q3a: How many years of experience did you have in your marketing role before moving to procurement?

SOURCE: ANA, 2010

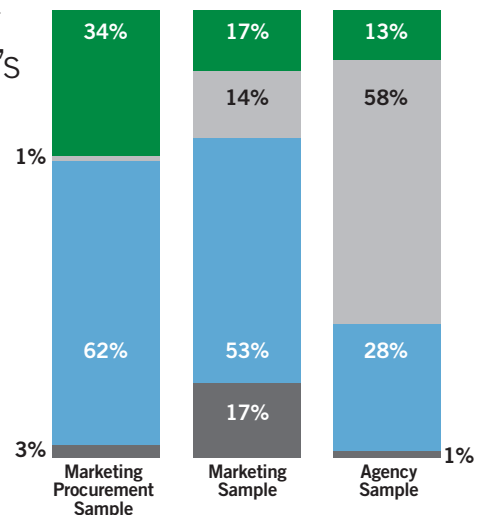
NOTE: May not add to 100% due to rounding

Perception of Procurement's Involvement with the Agencies

Base: Total Sample
N= (76) (59) (90)

■ Too Little
■ Too Much
■ About Right
■ Don't Know

Q17: How would you describe the level of procurement's involvement with the agency(s)?



SOURCE: ANA, 2010

NOTE: May not add to 100% due to rounding

someone who understands you, and you have the responsibility to help train those people," he says. "I believe that agencies have the right to demand and the responsibility to train."

4 SPEND MORE TIME WITH YOUR AGENCIES. While this is one important way to educate procurement people about their agencies, sometimes logistics get in the way. "It's easier said than done, especially from the standpoint that there are fewer procurement players in a company than there are marketing people or agency people, but it's essential," Akers says. "With new agencies I try to engage with them at their own offices, but that becomes difficult because of the day job."

Vitale, formerly of American Express, also stresses the importance of procurement and marketing people making the effort to spend time with their agencies on agency turf. "Procurement 101 will tell you to hold negotiations on your site, but to build the relationship after deals are done you need to hold meetings at the agency's offices," he says. "That way you have time to learn about the agency and understand their situation. You can contribute and understand their concerns better."

Langton agrees, adding that it's the agency's responsibility to take the initiative to extend an invitation. "Procurement needs and wants to better understand the agency business, but too few agency executives take the time to help procurement understand the creative development process and the talent

required to deliver an effective marketing solution," he says. "I've found that most procurement executives would welcome visiting the agency to better understand the process and what is required. The invitation should come from the agency and must be sincere."

5 FIND THE RIGHT PEOPLE. Most of those interviewed for this piece believe that executives who understand and embrace diverse disciplines while keeping an open mind are best suited for the jobs. "You need people who are passionate about marketing but also respect the concept of brand building as a combination of both art and science," J&J's Figel says. "You need people who can maintain balance and objectivity between cost-containing goals and brand-building objectives."

Colbert, of Anheuser-Busch InBev, takes a different view:

"Personally, I've always gone after a marketing skill set first and procurement second. This industry is all about fostering relationships. You can learn how to become a change manager or an expert in negotiation, but it's very difficult to teach someone how to build a relationship."

Executives on all sides agree that some progress is being made to right the wrongs of past years, and they welcome the presence of the ANA Procurement Task Force. "The key is making sure the procurement folks actually understand what the marketers and the agencies are trying," Akers says. "And the marketers need to understand that the role of procurement is to help the marketers get the best work for their money." ■

ONLINE LEARNING

FREE WEBINAR SERIES

As part of its Procurement Mentoring Program, the ANA recently launched a series of free webinars for ANA members and members of the Institute for Supply Management, the world's largest, not-for-profit supply management association. The following is a tentative list of scheduled webinars running through October 2011:

- **July 15:** Stakeholder Engagement
- **July 29:** Agency Compensation
- **August 12:** Media & Procurement
- **August 26:** Scope of Work
- **September 16:** Agency Performance Measurement and Evaluations
- **September 30:** And Now a Word from the Agencies (4A's Perspective)
- **October 14:** Advertising Production
- **October 28:** Procurement Case Studies

For additional details and the final schedule of all webinars, visit www.ana.net.

Beyond Cost and Rates

A practical guide to understanding the value of an agency relationship
By Steven Wales

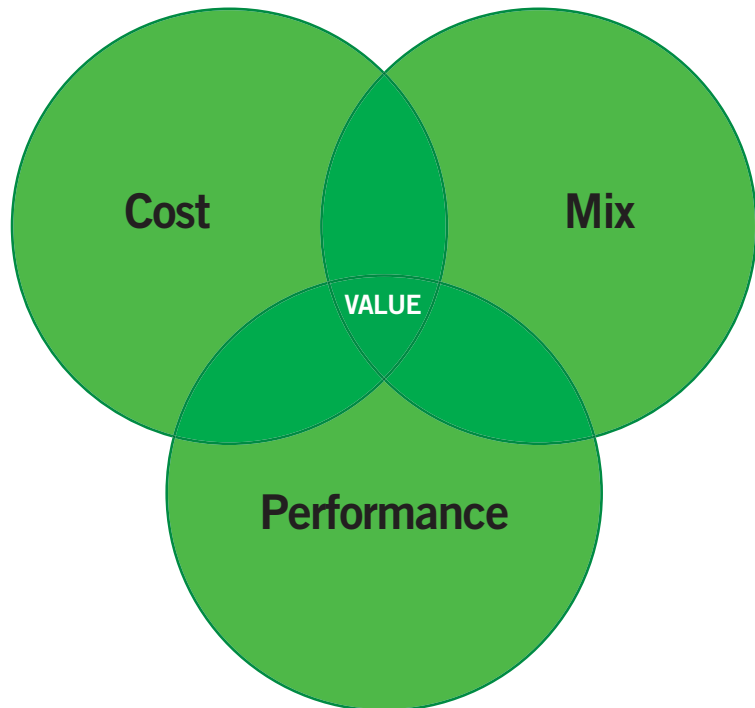
One of the most common complaints about marketing procurement/marketing agency management professionals is that they're obsessed with cutting costs to the potential detriment of the creative results. But the most savvy fully understand that because marketing is a revenue-generating center, driving down costs to improve the bottom line may well have a disastrous effect on the top line.

That said, without the benefit of critical pieces of information, it's difficult for the marketing procurement professional to rise above the "cost and rate" discussion and understand the true value of an agency relationship.

The Value Equation

The "value equation" is a new way of viewing the overall worth of each agency relationship. It allows you to get a balanced understanding of the contributing factors that lead to the true value of your agency.

To understand value, you must have access not only to cost/rate benchmarking data, but also to information on resource mix (including the experience levels of agency team members and complexity of work) and agency performance. There are two key tools that can help you gain access to the data



Value, derived from balancing cost, mix, and performance, is best understood when examined next to cost/rate benchmarking data as well as next to resource mix (including seniority and complexity of work) and current performance levels of the agency team.

needed for the value equation:

- Scope of work (SOW), for cost and mix data
- Agency evaluation, for performance information

Combining both these information feeds into a single view allows the marketing procurement professional to fully review the true value of each agency relationship on

three levels: outcomes, inputs, and outputs. The key outputs of the agency are driven by the talented and creative people who produce deliverables across a range of initiatives and projects. But with all the talk of how an agency should be paid, it's easy to lose sight of why it's being paid — and for what.

By viewing your SOW program as a core strategic driver in your marketing organization and centralizing, standardizing, and streamlining the processes around it, you will see dramatic improvements in both supply management efficiency and marketing effectiveness. One of the clearest messages I've heard from leading advertisers is that the key to a better SOW and compensation process is ensuring optimal spend of the allotted

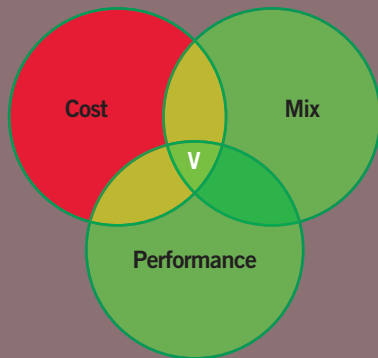
FINDING THE TRUE VALUE

The scope of work and performance levels can be used to examine each agency relationship on three specific levels, which will show the true value of those relationships.

OUTCOMES i.e., Business & Agency Results	OUTPUTS i.e., Strategy, Creative, Media	INPUTS i.e., Skilled & Motivated People
<ul style="list-style-type: none">• Short-term sales• Long-term brand value	<ul style="list-style-type: none">• Broad initiatives• Specific deliverables	<ul style="list-style-type: none">• Broad functional areas• Specific resources

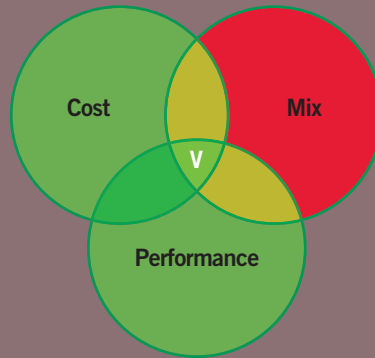
RED FLAGS

Here are some examples of when elements of the value equation are out of alignment.



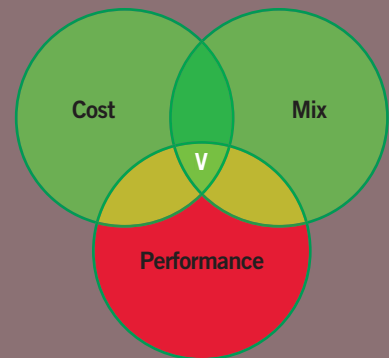
COST

- Rate benchmarks for specific roles seem well outside the high or low expectations
- Costs are provided for deliverables where the total fee (i.e., rate x time) deviates substantially from the normal range



MIX

- Senior staff are allocated to simple services producing what should be low-cost deliverables
- Resources with little experience are allocated to important services and high-impact deliverables



PERFORMANCE

- Relationships are identified as underperforming through the qualitative agency evaluation process
- Brand results (i.e., quantitative metrics) indicate issues where business and agency measures are not meeting expectations

budget rather than reducing the amount of money going out the door. Indeed, for most enterprises, marketing spend is seen as an investment in growth.

Three Dimensions

There are three elements to consider when determining the value of an agency relationship:

1. Cost. Historically, marketing procurement professionals have focused their attention on benchmarking agency rates (\$ per hour). However, because total cost is the combination of rate *and* time, simply benchmarking rates provides only half the picture. Clients should now be looking to benchmark agency outputs, specifically “deliverables,” rather than the traditional inputs. There are other factors worth understanding: How much rework is expected? How much management will be needed? How strong are the processes on the client side to handle information transfer (briefing and approval)?

2. Resource Mix. A fundamental driver of quality, resource mix can be analyzed by the position levels of agency team members (e.g., account director versus

account manager), the overall experience of the individuals, or a combination of both. It's also important to understand how the resource mix compares with the complexity of the work requested (e.g., origination, adaptation, localization). Leaders in the industry apply sourcing perspectives to their models: What is the uniqueness of the service being delivered, and how does it fit into the competitive landscape? Does the service involve a high degree of IP transfer? What's the impact of switching to a new provider? Can the service be delivered by a wide range of competitors at the same level of quality?

3. Performance. A well-managed agency performance evaluation program should give you access to the critical data you need about each brand-agency relationship. Many clients use a mix of criteria to score their agencies, assigned to one of three buckets: business measures (e.g., growth, market share), agency measures (e.g., brand awareness, website clicks), and qualitative assessment (e.g., survey-based evaluation).

Action Steps

By marrying scope of work and agency evaluation information, your marketing

professionals will have the necessary data to make informed decisions about agency fees, performance, and long-term brand development.

From a centralized agency management perspective (whether it's led by procurement, operations, or marketing), it's vital that the SOW process allows you instant visibility to compare the priority and resource mix. Indeed, the ability to compare the resource mix across various SOW programs provides a great way to benchmark agencies rather than simply focus on cost and rates. This line of sight, from priority to resource mix to fee, offers the agency management practitioner a balanced way to review each scope of work. It also provides marketers and agencies with suggestions about how to achieve better outcomes — without affecting the actual top-line budget figure.

So rather than rely on benchmarked rate data, apply a rigorous (and defensible) process to help your marketing stakeholders understand which agencies are delivering true value and, more important, which ones are not. ■

Steven Wales is the business director at Decideware. Contact him at swales@decideware.com.

A Push for Cost Control and Accountability

A new ANA survey reveals a significant level of digital agency fee renegotiation

While the overall investment in digital marketing continues to grow, marketers are being called to push for more performance-accountable and cost-effective agency compensation agreements. According to a new survey by the ANA, 43 percent of respondents adjusted digital agency compensation in 2010, and 50 percent plan on doing so this year.

The primary driver of cost control is fee adjustment. Seventy-three percent of those who changed their compensation agreements restructured or reduced fees, the ANA survey found, and 52 percent of respondents said they are in the process of following suit. Another key driver is related to tying agency compensation to performance: 52 percent of respondents said they are in the process of adding performance incentives, and 29 percent are restructuring/changing existing performance incentives.

Digital agency compensation is not that much different from traditional agency compensation, the survey results suggest. "Fees continue to be the dominant method of compensation, with high proportions of both fixed and labor-based fees," says David Beals, president and CEO of R3:JLB, who authored the white paper "Trends in Digital Agency Compensation, 4th Edition." "Marketers are also utilizing a compensation method that incorporates both fixed and labor-based fees. It is important to note, however, that traditional commissions are employed by a significant minority of survey respondents for digital media planning and buying and search-related services."

The ANA survey found that because the digital space is rapidly changing, 44 percent of marketers utilize five or more digital agencies, a 21 percent increase over 2007. Outside agencies are preferred for search engine marketing buying, online advertising media buying/planning, and creative development of mobile and third-screen advertising/applications. For initiatives such as social networking, brand or corporate website strategy, and management and analysis of digital analytics and metrics, many companies rely on a combination of in-house and external teams. What's more, 66 percent of marketers now employ an annual retainer/project fee combination method, a 29 percent increase from 2009.

Here are some approaches marketers can take to more productively and efficiently obtain the required digital service:

Employ digital specialist agencies on a project basis versus trying to get all services from one source.

This allows marketers to pursue specific services when needed from specialists (i.e., units of

full-service digital agencies) in lieu

of locking in resources on a retainer when few can accurately predict what digital marketing requirements and opportunities will come to fruition in the next six months.

Use tighter negotiation of digital agency fees.

Given that digital talent is in high demand, marketers should consider paying more to lock in the best agency talent. This talent may be far more productive in generating the best work and results — tighter negotiation does not simply imply lowering costs, but investing in the right resources.

Develop and use in-house expertise.

More marketers appear to be building, and in some cases relying on, in-house digital expertise. This is particularly true for areas like web content and management. ■

ANA members can download the survey findings at www.ana.net/mkc.

Driving Performance

Key insights on how to maximize an agency evaluation program

One of the most powerful tools to enhance the client-agency relationship is a formal agency evaluation program. Designed to improve agency performance, maximize client efficiencies, and optimize cost savings, the program centers on a client's evaluation of an agency's performance across a range of areas (strategy, creative, media, account management, etc.). Ultimately, the two sides meet to discuss the findings and develop a joint action plan. Today, many forward-thinking companies are taking things a step further, advocating 360-degree evaluations, in which the agency has the opportunity to assess the client (see sidebar, page 11).

Unfortunately, many clients are unable to maximize the results they get from agency evaluation programs. Performance management is a specialized discipline and, in many cases, those tasked with managing the agency relationship do not have access to specific training or the latest advances in this area.

To assist with the dissemination of best practices in the agency evaluation process, the ANA recently released a new Insight Brief, "Building an Agency Performance Management Program," by Richard Benyon and Steven Wales of Decideware. In the Q&A that follows, Benyon catches up with Ken Lloyd, author of *Performance Appraisals & Phrases for Dummies*, for his expert perspective on agency evaluation programs.

Q. Why is it important to conduct formal evaluations?

Without a formal evaluation program, it is very easy for an agency to believe that it is doing outstanding work, while the facts may tell an entirely different story. Casual conversations can provide some useful feedback to an agency, but in such an informal context the agency is likely to hear only what it wants to hear, and the result is that ongoing problems will continue. For a client to obtain maximum creativity, productivity, and effectiveness from an agency, the client should formally and factually advise the agency of the areas in which it is meeting or exceeding expectations and is falling short. With a formal evaluation process in place, both agency and client will understand the specific areas that need improvement, helping them to establish an action plan that spells out every step of the improvement process.

Q. In my conversations with clients, the evaluation process — specifically the debrief meeting — is often seen as being difficult. Why does it seem that way?

Many people find the process of evaluating the performance of others to be difficult because they do not know how to provide



NEXT STEPS

To purchase a copy of *Performance Appraisals & Phrases for Dummies*, by Ken Lloyd, visit www.amazon.com or www.dummies.com. The book is also available at all major bookstores. The ANA Insight Brief, "Building an Agency Performance Management Program," by Richard Benyon and Steven Wales of Decideware, is available to ANA members at www.ana.net/mkc.

negative feedback. As a result, they fear the defensiveness, rebuttals, and arguments that they may encounter. It is quite common for people to put off or avoid unpleasant tasks, and for many individuals, conducting evaluations is one such task. However, with state-of-the-art evaluation tools, techniques, and strategies in place, the confrontational aspect of outmoded appraisals disappears, and the entire process becomes a highly produc-

tive resource for correcting problems and improving performance, whether for an individual or an agency.

Q. In our experience, much of the richness in the performance evaluation process comes from the comments provided by the assessors. What are your tips for collecting comments to help drive improvement?

To drive and even accelerate improvement, it is important to provide feedback that is based on factual and measurable outcomes, especially in terms of past performance, results, and attainment of goals. Importantly, recent events can easily skew the evaluations that a client may give to an agency. This leads to the very resistance that causes clients to refrain from carrying out evaluations in the first place. The best way to avoid this outcome is to note that evaluations are far more meaningful and productive when they deal with the full range of performance criteria over an established period of time, and not merely with a problem that was encountered last week. Another significant source of difficulty in the evaluation process is caused by the tendency to label individuals or agencies using terms such as "arrogant," "uncreative," or "lazy." To provide evaluations that will truly be heard

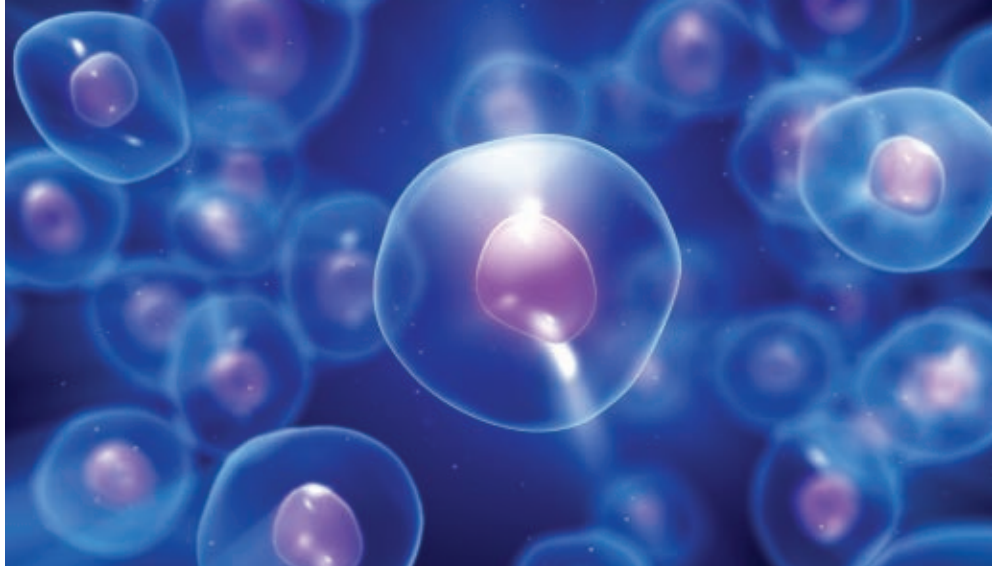
and set the stage for actual improvement, the best approach is to focus on performance rather than personality.

Q. Two common questions we hear are: How should we discuss our findings with our agency? What should we avoid? What are your thoughts?

When a client discusses the findings from an evaluation with an agency, it is important to remember that the meeting is not a disciplinary session, but rather a developmental discussion. The conversation should initially focus on specific and measurable outcomes generated during the evaluation period, and the client should have hands-on data, documentation, and illustrations to help clarify and support the points if needed. The tone should be friendly, professional, and businesslike, and the setting should be private and free of interruptions. While it is important for the client to express the points of concern, it is even more important to listen carefully and actively during these sessions. This level of listening will help a client know if the evaluation has had its intended impact, or if there is a need for more information, clarification, or illustrations.

Q. Increasingly, we are seeing clients focus on the outcomes of the evaluation process, moving from simple evaluation to true performance management. Central to that is the creation and execution of a joint action plan. What does a good action plan look like?

While one key component of the evaluation process is feedback on past performance, a second key component is the creation of an action plan to correct problems and meet established objectives. An action plan is the roadmap that guides the client and agency toward resolution of any issues, problems, or concerns that were found through the evaluation process. With this in mind, the action plan includes objectives that are specific, quantifiable, and measurable, along with clearly defined timeframes, priorities, benchmark dates, required resources, and roles and responsibilities of all participating individuals. With this approach, performance is tracked on an ongoing basis, course corrections are made along the way, and the lines of communication between the agency and client are kept wide open. ■



CASE STUDY

GIVING ITS BRAND VALUE A BOOST

A leading pharmaceutical company we're calling Company-X recently decided to refresh its existing agency evaluation program. One of the key drivers was to ensure that the agencies focused on activities that increased brand value in a cost-effective way.

As part of the refresh process, existing agency scorecards were streamlined, with a reduced number of questions, to lessen "assessor fatigue." Moreover, the questions were geared to improving brand value and/or efficiency, thus ensuring alignment with senior marketing leadership goals.

360-DEGREE EVALUATION

In the past, only the team leaders at the agencies and the client were asked to participate in the evaluation program, but the new process called for all key marketing and agency stakeholders to be included. The agencies were also encouraged to provide not only a self-assessment, but also frank feedback on Company-X as a client.

Although the evaluation program was facilitated by the marketing procurement department, for each agency relationship a team leader within the marketing department was designated as the "owner" of that relationship. These owners were tasked with meeting their agency counterparts at the end of the evaluation to discuss the results, and, more important, build a structured communication and change management plan. The plan focused not only on the "how" but also on the "why" in order to improve client/agency performance and help calculate incentive compensation.

TEAM APPROACH

Using appropriate technology, the owners deployed the survey element of the program and dramatically shortened the data collection window. During the week that followed the close of the survey phase, the owners downloaded the reports and reviewed the aggregate results. They also took into account the scorecards and comments provided by their respective teams to better understand where each agency could improve and where it was really adding value.

Simultaneously, senior marketing leadership and procurement worked together to analyze all the reports and isolate agency relationships in trouble and those deserving of specific recognition. Critical debrief meetings were then held, leading to the creation of a formal action plan that clearly spelled out what needed to be done, by whom, and when.

Finally, senior management at Company-X used the data compiled via head-office reports as a means to understand which agencies were delivering exceptional value (flagged as strategic partners), which ones needed to show improvement, and which ones needed to be cut loose. The new evaluation program allowed Company-X to take a more strategic view of its agency portfolio across brands, business units, regions, countries, and more. As a result, the company is now in a better position to award work to agencies that drive increased brand value.

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ANA
EXECUTIVE EDITOR
Barry Garbarino
bgarbarino@ana.net

ADVERTISING SALES
ASSOCIATE PUBLISHER
Kristina Sweet
ksweet@ana.net
508.346.3525



The **Pohly** Company

Diversified Marketing
and Publishing Services

EDITOR
Ken Beaulieu
kbeaulieu@pohlyco.com
617.457.3901

www.pohlyco.com
211 Congress Street, Floor 11
Boston, MA 02110
617.451.1700



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