

7 Reasons Why Agency Evaluation Programs Commonly Fail

Agency Relationship Management



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Many large advertisers claim to have in place some kind of formal evaluation program to assess their agency relationships. The purpose is usually a genuine attempt to improve relationships and perhaps contribute as well to the calculation of annual incentive compensation payments. In practice, however, many evaluation programs do not fulfill these goals. Rather than being viewed as a valued business process producing helpful outcomes, the evaluation programs are viewed simply as a mandatory ritual or a chore. Why is this so? Why is there such a disconnect between the goals and the outcomes?

Our experience is that agency evaluation programs disappoint for any number of reasons but 7 are most common. At heart is the reality that relationships with agencies need to be assessed differently to other suppliers, with greater emphasis placed on qualitative assessment criteria.

It helps too, if the program is easy to deploy and manage as this leads to higher rates of participation from assessors, and more time spent on the productive tasks of analysis and management rather than simply getting the information. So, in more detail here are 7 points to consider when developing programs to assess performance and satisfaction in relationships with advertising and other marketing services agencies.

7 REASONS WHY AGENCY EVALUATION PROGRAMS FAIL

- 1** The program fails to accommodate the peculiarities of agency relationships which in truth are quite unlike most other supplier relationships!
- 2** Assessment criteria fail to strike the right balance between the different types of assessment measure—outcomes, drivers of outcomes and qualitative relationship measures;
- 3** Priorities in the relationship are often poorly defined making it difficult to accurately assess overall levels of performance and satisfaction;
- 4** The views of key players in the relationship are not always sought, simply because they are located away from the center (yet their impact on the effectiveness of the relationship can be huge);
- 5** Agencies do not always participate, which undermines the notion of partnership in the relationship and makes Action Planning impossible;
- 6** Programs are simply difficult to manage and administer, for both administrators and assessors. Accordingly, participation rates remain low and too much time is spent administering the program rather than developing actions to optimize sustained performance.
- 7** Where required, evaluation of the client performance is not treated in an equitable and robust manner.

Figure 1

1 Strange Things These Agency Relationships!

Agency relationships tend to be different to nearly all other supplier relationships. Obvious differences include:-

- The widespread characterization of the relationship as a ‘partnership’;
- The multiplicity of touch points on both sides, the seniority of the executives, and the frequency of contact. (Inevitably close relationships are formed at senior levels on both sides of the relationship);
- The difficult-to-measure nature of the product;
- The need to take account of creative and artistic sensitivities;
- The accepted belief that Client behavior has a marked impact on the success of the relationship;
- The difficulty of calculating fair levels of compensation and reward.

For all these reasons advertisers and agencies alike have found it difficult to define what needs to be measured to determine success in the relationship. Should it be the performance in the marketplace of the brand or service being advertised or promoted? Or should it be the perceived performance of the agency on a day-to-day basis? Or some combination of both? (See below for more on this.)

Another consideration is whether or not to include in the program evaluation of the client’s performance. This recognizes, of course, that client performance has a significant impact on the effectiveness of the relationship.

Finally, if outcomes from the evaluation program are going to contribute to the calculation of incentive payments, there is a need for the program to be perceived as fair and transparent, and to produce an obvious overall result. Here many advertisers clamor for a single score outcome that wraps up all aspects of the evaluation.

In this context an off-the-shelf approach to agency evaluation is unlikely to work. Program owners need to think carefully about the outcomes they require and the unique needs of agency relationships to develop a program that produces valuable outcomes.

2 Identifying Evaluation Measures

As noted above, those responsible for agency relationship evaluations struggle to develop appropriate assessment criteria. There are usually 3 types of assessment criteria to choose from:-

- Outcome measures e.g. sales growth, share gains, etc.
- Drivers e.g. scores for brand awareness, advertising recall, etc.
- Relationship measures e.g. creative quality, responsiveness, strategic insight, etc.

While ANA research indicates that agencies like to include ‘outcome’ measures—especially if value compensation is the goal—clients seem to favor assessment criteria that skew more towards the relationship. They want to evaluate the agency’s performance on

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“ ... with agency evaluations success is usually defined in terms of both performance AND satisfaction”

immediate measures like proactivity, responsiveness or craft skills such as creativity, insightful planning, etc. This reflects in turn a yearning to measure both performance AND satisfaction in the relationship.

When softer qualitative assessment measures are used, they must be clearly identified so that all participants in the assessment program have a shared view of their meaning. (In our experience, the inclusion of illustrative examples can help.) A further requirement is the provision of a scoring guide to ensure that all participants in the program have a shared understanding of what constitutes an excellent or poor performance for any given assessment measurement.

A robust evaluation program will likely need to accommodate all 3 types of evaluation measure—outcomes, drivers and qualitative relationship measures.

3 Prioritization & Managed Expectations

Once identified the assessment criteria need to be prioritized for importance. This is important to ensure that all participants in the relationship have a shared understanding of what's important and therefore where best to allocate resources and effort. This understanding must include participants at both the client and the agency—how often have we heard agencies complain that different managers at the client had different priorities? So getting the priorities clear at the outset is a key contributor to managing expectations in the relationship.

While prioritization can be accomplished in any number of ways, at Decideware we use a trade-off algorithm that avoids the problem of all assessment criteria being viewed as important. (Both your home and your car are very important, but probably the your home is more important.) The Decideware process is also participatory, transparent and results in immediate outcomes. This means that the prioritization outcome reflects consensus; it is a shared outcome.

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4 Assessor Participation & Input

Optimized performance in strategic relationships depends on all participants being satisfied. It is not enough that senior managers are happy; there are likely to be other key players in the relationship at all levels and spread across different geographic locations whose contributions to the whole are crucial. It is essential therefore to ensure that opinions about the relationship are gathered from as many participants in the relationship as possible, no matter where they are or their title. If they are important to the relationship, their opinions need to be sought.

When gathering input we have also found that scores are not enough. It is not very useful to know that a particular aspect of the relationship has been assessed as poor without knowing why. Accordingly, participants in the assessment process should be asked to provide supporting comments for scores, at least where the scores are either particularly good or particularly bad.

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5 Agency Participation & Action Planning

As optimized success in agency relationships depends on all participants pulling in the same direction, it is a good idea to seek input from agencies when assessing the performance of the relationship. Most clients of Decideware accomplish this by having the agency complete a self-assessment of their perceived performance while separately the client prepares its “external” assessment of performance. Some clients then have senior management on both sides of the relationship sit together and compare their respective assessments, then prepare an “Agreed” position along with an Action Plan that builds on strengths and addresses weaknesses.

We think it is very important to develop an Action Plan after each assessment (Refer Figure 2.) A common complaint about many relationship evaluation programs is that far too much time is spent gathering information rather than analyzing it and acting on findings. The goal of relationship review programs is not simply to gather information; this is simply a means to an end. The end goal of the program is to get an informed view of the relationship in order to implement actions that lead to sustained optimized performance and satisfaction.

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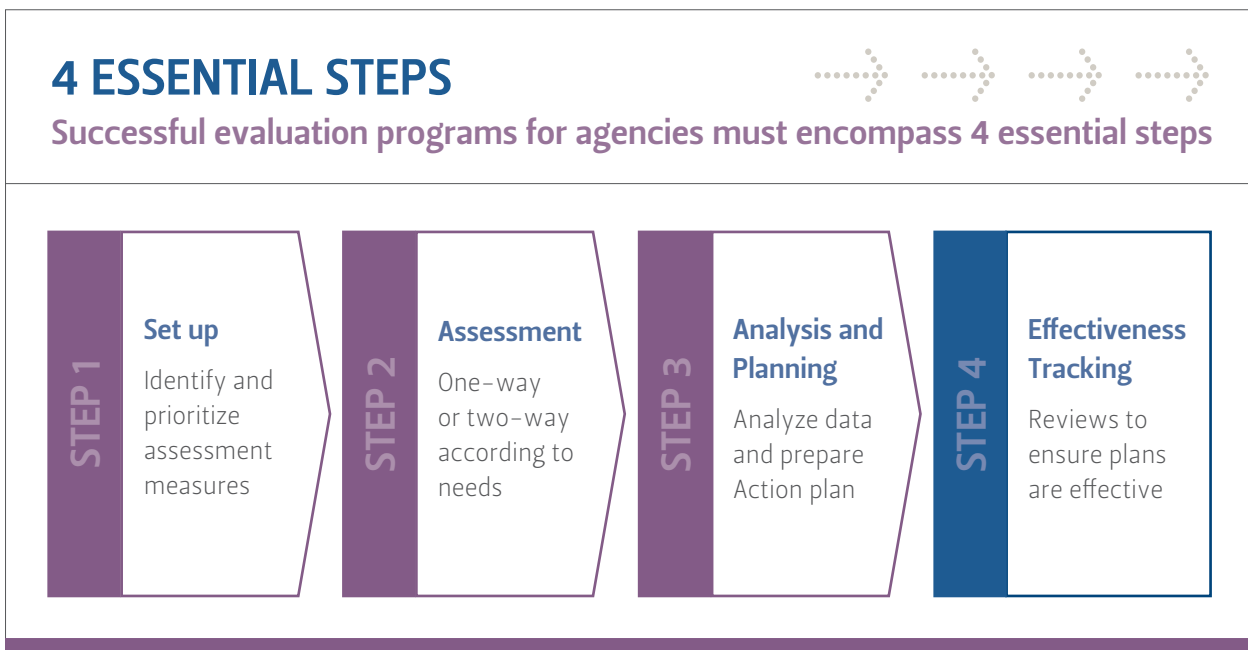


Figure 2

6 Program Management

A final barrier to implementing a successful relationship evaluation program among agencies is management and administration. Instead of utilizing specialist tools, all too often companies utilize a mix of tools ranging from spreadsheets, regular emails and generalist survey tools. The result is that the program generates low rates of participation; time is wasted simply getting information; reporting becomes complicated; and back data is lost. So little time is spent on the core objectives of the program—which are informed analysis and the preparation of actions to build on strengths and address weaknesses.

To be successful, a relationship evaluation program for agencies must be easy to deploy and the outcomes easy to access. Hallmarks of successful programs include:-

- Built-in email capability for easy communication with assessors;
- Built-in status reporting to enable administrators to check easily on the status of both participation of individual assessors and of the overall review itself;
- Automatic report generation, so that findings are quick and easy to identify;
- Easy access over time and from different locations so that outcomes are always available when and where required.

Reiterating, a common complaint with assessment review programs is that they are difficult and time consuming to deploy and administer, resulting in too little time being spent on analysis and planning.

7 Client Performance

Finally, many clients and agencies these days, recognizing shared responsibility in the partnership, demand robust and equitable evaluation of the client performance as well as that of the agency. To be both effective and equitable this cannot be accomplished by simply bolting on a few client-oriented questions to a much broader evaluation of the agency. Robust assessment of the client's performance demands a separate and dedicated evaluation.

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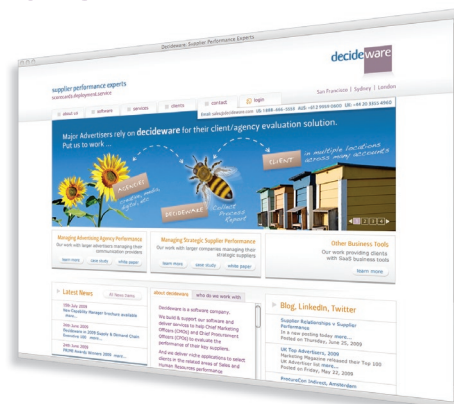
“Robust evaluation of the client's performance requires more than just bolting on a few questions to the agency's assessment.”

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



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.

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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.

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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 for more information

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