How to Guide
Find the right Direct Marketing Agency

2nd Edition, 2009

ACKNOWLEDGEMENTS

Stephens Francis Whitson for their help in editing this Second Edition guide

AAR for their original reference work

ClientView for editing and providing the latest client / agency relationship and pitch insights

CONTENTS

INTRODUCTION

It is in everyone's interests that high pitching standards are maintained within the direct marketing industry in order to ensure successful partnership selections; within a reasonable time and cost framework.

Industry research shows that most clients and agencies conduct themselves with a high standard of professionalism and fairness throughout the pitch process. However, there are still areas for improvement on both sides.

This 'How to' guide is intended to help all CLIENTS sharpen the effectiveness of their agency selections ... with practical advice on how to plan and manage better pitches. A separate 'How to' guide will be available to advise AGENCIES.

The DMA's goal is to raise pitch standards for the benefit of its members and for the industry as a whole. We hope that all members of your client team, across marketing and procurement, will find this guide helpful. You might find it useful to make your incumbent and prospect agencies aware that you will be following it during the selection process.

We would like to thank all those senior clients, agency principals and intermediaries for their valuable contribution in the creation of this guide.

The DMA Agencies Council ' Pitch Practice' Working Party

WHAT TO DO PRIOR TO A REVIEW

Why are you reviewing your DM agency?

Embarking on a pitch is a time consuming and exhausting process and there's no guarantee of success – it's easy to get it wrong. Before you start ask yourself these questions:

- **Has the relationship with the incumbent broken down irretrievably?** Have formal reviews been held and proper feedback been supplied to the agency? Could a third party consultant help repair the relationship? Perhaps both parties contributed to the demise. Marriage guidance is less expensive and creates much less upheaval than divorce.

- **Is the issue with the work, the quality of the thinking or the day-to-day team on your business?** If it is with the work or the thinking consider a 'one agency re-pitch' where the incumbent is asked to re-think their strategy and work, before calling a competitive review.

- **Is holding a review in the best interests of your business?** Inevitably a pitch diverts an inordinate amount of time from running the day-to-day business. If the incumbent is replaced potentially a lot of knowledge will be lost and significant time will need to be spent with the new agency building their knowledge rapidly. Can the business afford this? Is this the right time for it to happen?

- **Have your agency requirements changed?** It may be worth considering whether there are other ways of complementing your existing agency's skills, via collaborations with other specialist providers, for instance.

- **Or, finally, is this a statutory or scheduled review of an agency's input as agreed when they were appointed?**

Your incumbent agency

The impact of calling a pitch on an incumbent agency is considerable. There are seven areas that should be considered in advance:

- **Why not consider inviting the incumbent to a 'one agency' pitch?** If the relationship has not irretrievably broken down (and you were considering asking them to re-pitch in a competitive situation) ask them to respond to a complete pitch brief in order to re-set the relationship. If this does not have a satisfactory outcome then move to a full competitive pitch.

WHAT TO DO PRIOR TO A REVIEW continued

- **What does the contract say?** If there is a formal contract the notice period and termination clause must obviously be adhered to. If there is no written contract then it is down to negotiation.
- **What about work in progress?** If you need the agency to work with you day-to-day whilst the pitch is underway this should be recognised and dealt with separately. Fees should be agreed upfront as these are often the cause of ongoing disputes.
- **Will you be asking the incumbent to pitch?** Only ask your current agency to pitch if they have a real chance of retaining the business, and all stakeholders have agreed this. If you are not including them explain to them why not, remain true to any contract, and try to part on good terms.
- **How will you handle the press?** Ensure the agency hears from you in advance of reading about the review in the trade press. Tell them what reason will be given to the press for the review if you are going to make it public.
- **Brief your own team.** Often your junior colleagues will have close relationships with the incumbent team. They need to be briefed on the status and reasons for the review, so as to minimise issues around the day to day running of the business.
- **TUPE.** What are the implications of these regulations? Seek legal advice and / or consult the employment specialist in the DMA Legal & Public Affairs Department.

SEARCHING AND SHORT-LISTING

Involvement of key stakeholders

Ensure you have buy-in from across the business before starting. Don't get half way through the search process and discover you do not have the support of all stakeholders:

- **Be very clear with all parties as to why you are reviewing.** It is the first question you will be asked within your business, by agencies and by the press. If it is because of a relationship breakdown, say so. If it is because of money, say so. Be open and honest with all parties on this, as there's often much speculation and conjecture on this subject due to a lack of client clarification.

- **Have senior management approved the review?** Ensure they appreciate all of the impacts on the business and fully endorse the decision.

- **Agree the make-up of the decision making team.** Who will determine the longlist, shortlist, the nature of the pitch, the brief and the eventual choice of agency? Do they understand the time commitment and agree to the key timings?

Procurement

If you have a Procurement function it is crucial to define what part they will play in the process:

- **Do they have criteria that must be met at the longlist / Request For Information stage?** For instance, financial stability, hourly rates, competitive clients or indemnity insurances being in place.

- **Will they shadow the preview process the whole way through?** Or will they be called in by the Marketing Team at relevant times in the process?

- **How will they handle discussions on fees and contracts?** Most clients ask for agencies hourly rates upfront, and some ask for agencies to indicate whether there are any major issues with their standard agency contract. This can save much heartache if neither can be successfully negotiated downstream with the chosen agency and the selection process has to be re-run.

- **If appropriate, ask for each agency's attitude and approach to Payment By Results (PBR).**

SEARCHING AND SHORT-LISTING continued

Though this may require considerable discussion once the appointment is made it is important to agree the principle behind its inclusion early in the process.

- **Agency Selection Specialists.** It may be that your procurement department and your marketing team do not have sufficient time or skills to select and employ an agency. You may therefore consider employing an agency intermediary.

Your selection criteria

Before you begin to research the marketplace it is important to agree your selection criteria. This will ensure you can remain focused as each agency attempts to seduce you as to their suitability:

- **Do you want them to lead, partner or integrate?** What role do you want them to fulfil? This can have significant impact on the nature of the agency you seek.

- **Create an initial checklist to cover off all your requirements:**
  - Relevant sector experience
  - Specific experience of senior team
  - Approach to conflicting clients
  - Size and specialisms in-house or via partnership eg., data, digital, mobile, experiential
  - Location(s)
  - Evidence of ability to lead, partner or integrate

Initial research

There are many practical sources of information open to you as you instigate your search. Experience certainly suggests it is best to use these prior to approaching agencies directly. There is a possibility that as soon as you approach agencies the trade press will become aware of the pitch, however much you demand confidentiality.

- **Consult the DMA member's database**, accessed via the DMA website homepage. Filter and select agencies based on the search criteria available. All DMA members have to comply with the DMA Code of Practice and by using a DMA agency member you can be confident they adhere to high standards of practice.

SEARCHING AND SHORT-LISTING continued

- **Look at agency directories and websites.** Get a feel for how agencies position themselves and what the concentration of their business is described as.

- **Ask for recommendations and forage for relevant experience.** Ask your peers for their views. Find campaigns you admire. Read the trade press. Look at awards programmes. Which agencies are doing good work for which clients? Look for recent experience that could be relevant to you.

- **Sift through any approaches you have received directly from agencies.** Which agencies stand out for their hunger, insight, tenacity or originality?

Request For Information (RFI)

Many clients use RFI's as an essential part of the pre-qualification process to identify agency points of difference:

- **Use the standard RFI template that has been developed by the DMA.** It has been created to make comparisons between agencies easier, whilst allowing scope for agency differentiation and personality to come through.

- **Tailor elements of the RFI to your needs.** Even at this stage consider asking agencies to write a point of view on your sector, or outline their approach to a marketing challenge, to better enable you to compare the responses you receive.

Non-disclosure agreements (NDA's)

Prior to soliciting or sharing any information with an agency you should ask them to sign an NDA:

- **The NDA should cover both parties in terms of mutual confidentiality** as there will be an exchange of information between the two parties.

- **It should also cover copyright and intellectual property matters.** There must be no confusion over ownership of ideas during the course of the pitch process or, often more importantly, after the pitch has been concluded and appointment made. Do not rely on goodwill here as this is one of the most common areas of dispute between clients and agencies.

SEARCHING AND SHORT-LISTING continued

Using introduction agencies

In order to balance the need for due diligence, insight and confidentiality in your search and selection activity with the need to get on with your day job, consider engaging some specialist third party help in the process. The DMA works with the specialist intermediary AAR, their chosen partner for agency search and selection.

Short-listing and chemistry meetings

Compare all of the information you have gathered against your initial search criteria in order to construct your shortlist - ideally, no more than six agencies given that the next step is to visit each in turn. These meetings need to be handled preciously. Sadly, experience says that they are often poorly used by both parties and do not help inform clients decisions on the next stage:

- **Ask for agency credentials and relevant case studies upfront.** This stops the meeting being dominated by a senior management credentials presentation that is unlikely to uncover fresh insights into either the agency or the challenges you wish them to address.
- **Insist you meet the team who would work on the business.** Not just the new business team.
- **Tell them upfront what your expectations are for the meeting.** Be honest with them as to what you are expecting to get of a chemistry session.
- **Ask the agency to develop one or two thought pieces for them to present.** This will enable you to check their expertise and the quality of their planned responses.
- **Invite comment on another topic in the meeting.** So you can judge their spontaneous response and enter into a dialogue with them; much better for assessing the chemistry between your team and theirs.

SEARCHING AND SHORT-LISTING continued

The trade press

Consider what approach you will take to dealing with the trade press. If you are a national brand you are unlikely to get from search to appointment without some commentary in the press:

- **Prepare a press release.** Pre-empt the trade press, so that you control the information about your agency review rather than letting them control it for you.

- **Get the timing right.** Many clients announce the pitch list once they have decided upon it. This provides a swift response to agencies chasing a pitch spot (and there will be many) and answers the 'incumbent' question at the same time.

THE PITCH ITSELF

How many agencies?

In normal circumstances the only grounds you should have more than three agencies on your pitch list is if you include the incumbent. If you have done your due diligence properly, you will not need to see pitches from more than three (four with the incumbent). More than three may unnecessarily confuse and elongate the process.

What kind of pitch?

You don't have to hold a traditional 'beauty parade' style pitch with full strategic and creative recommendations. There are alternatives:

- **A live 'insight' pitch.** Give the chosen agencies an issue or task you are facing and ask them to respond with strategic recommendations, but no creative. Given that very little pitch work is ever commissioned in reality this is a viable alternative, especially if time is tight.
- **The workshop approach.** Hold a workshop where the proposed client and agency team work through a number of relevant exercises or brainstorming projects to ascertain the agency's spontaneous ability to grasp issues, develop ideas and respond with added value, without significant time to prepare.
- **Special project.** If there is one particular agency whose approach has impressed you, consider asking them to sign an NDA and work with you on a discrete project. This way you can ascertain their suitability to your business in the longer term.

The most important consideration is to pick a pitch style that will enable you to make the right decision.

Length of process

Inevitably the length of the process depends upon the chosen pitch format. That said, it is easy to under-estimate the amount of time required to complete the task:

THE PITCH ITSELF continued

- **Decide on the date you want your agency in place and work back from there.** This will help define the pitch format as well.

- **Write a sensible timing plan.** Agency search, chemistry meetings, Q & A sessions, pitches and appointment will take you at least three months if you do it properly – and stick to it.

- **Block the diaries for personnel who must attend the face-to-face sessions with agencies.** These are crucial for both parties and cancellations here are most likely to de-rail the timing plan.

- **Allow four weeks for the agencies to respond to formal pitch briefs.** There will need to be Q & A sessions on the brief and, if desirable, Work in Progress sessions in between time to best replicate the experience of working with an agency.

Pitch fees

Decide if you will pay a pitch fee to participating agencies in recognition of the amount of time and effort they will plough into the process. You may decide that the prize of winning your business is sufficient motivation, or you may decide you will benefit from the fresh ideas, research and insight that all the agencies present and therefore a contribution is appropriate. Any agreed pitch fee needs to be transparent about what it covers. Will it mean the client will own the rights to the pitch material, for instance? Make sure this is clear and understood upfront.

The brief / challenge

The nature of the brief you issue will be dependent upon the nature of your requirements and the amount of information you are willing to supply to the pitching agencies.

Put simply, the better the quality of the brief the better the agencies responses. The best briefs are clear, articulate, succinct and honest ...taking consideration of the challenges ahead and budgets available.

Appendix One contains a 'checklist' of subjects you may wish to cover in your brief. Be concise and be specific. See also 'Summary of best & worst pitch practice' at the end of this document, plus the DMA's Pitch Process Insight Survey (2008).

THE PITCH ITSELF continued

Beyond the 'checklist' you should include the practical details:

- **Who is the client contact in the intervening period?** The person to whom all questions should be directed.

- **Arrangements for and timings of the presentations / workshops.**

- **How agencies will be judged on the day.** Be clear what the pitch presentation is about and how it will be assessed: hearing from all of the team who will work on the business; a strategic understanding of your brand, business and audience; the creative solution; the approach; the proposal in its entirety; remuneration etc. Share your scorecard with them ... see the DMA's suggested scorecard in Appendix Two.

Access: Q&A's / WIP's / Other partners

Many clients find the time spent with agencies in the run-up to the pitch is as valuable as the actual pitch in deciding which agency they will appoint. However, this can be a very time consuming process, so you should consider:

- **How and when will questions on the brief be dealt with.** In person? In writing? By whom? Will the answers be shared with all participating agencies? Will there be a senior client nominated to edit and supply answers to questions supplied? This must be seen as an integral part of the process as opposed to an additional chore.

- **What access will there be to clients pre pitch?** Ideally there should be controlled access to all relevant decision-makers during the intervening period. If you are asking for a full creative response will you make yourself available for Work-in-Progress meetings?

- **Will the agencies have access to other roster suppliers?** For instance, the advertising, digital, media agencies. Clear this in advance with them and give them guidance on the research and plans they can share with the pitching agencies.

THE PITCH ITSELF continued

Judging

Ensure all decision makers have been fully briefed and that they are present at each pitch:

- **Set up an objective evaluation system for assessing each presentation.** You will need to unravel the agency polish to reveal the real depth of thinking, approach and quality of people. We have included an example in Appendix Two of a score card.
- **Allow sufficient time for the assessment of each presentation.** Whilst everyone will have an instinctive reaction it is important to allow for the presentations to sink in, for proper time to be given for a discussion of the relative merits of each, before deciding on an appointment.
- **But don't leave it too long!** The intensity of the presentation day can quickly be forgotten as people return to daily roles.
- **Appoint the people you feel most comfortable with.** In the final analysis you will appoint a group of people supported by an agency rather than the other way around. Don't feel uncomfortable with this – you have been through a due diligence process so you know the agency can do the job.

MAKING THE APPOINTMENT

Informing agencies of the decision

The appointment should be made rapidly after the decision has been made:

- **Winners and losers should be informed on the same day by phone.** This avoids losing agencies finding out via the bush telegraph before they have been spoken to first hand.

- **Immediately issue a press release to the trade press.** Again, seize the initiative.

- **Debrief all the unsuccessful agencies.** Many clients run each of the agencies through their evaluation scores, recognising that significant time and effort will have gone into the whole process.

Agency fees, PBR and contract

As described earlier it is prudent to have understood the chosen agency's stance on each of these subjects upfront:

- **No big surprises.** Inevitably there will be negotiation post-pitch depending on agreed team and workload but there should be no significant surprises or misunderstandings if due diligence has been observed pre-pitch.

- **Work with Procurement.** Agency negotiation is a task that can rarely be fully delegated to the Procurement function as there are inevitability questions of value and quality (of processes, people and the work itself) that will have become apparent through the pitch process and that will have a bearing on fee and contract discussions.

- **Negotiate to include some form of PBR element if the circumstances are appropriate.** Although it is often difficult to implement, PBR can be worth installing because of its ongoing benefits in terms of an agency's commitment, trust and positive business approach, especially in a retained relationship. Seek advice from those who have successfully installed it. The best arrangements involve a mixture of soft scores (service levels, pro-activity, satisfaction) and hard scores (campaign success, tracking measures, business achievement versus targets).

- **Get the contract signed.** Put a deadline in for both sides to agree a signed agreement. Identify the in-house legal counsel who will lead your negotiation.

MAKING THE APPOINTMENT continued

Handover

If you are switching agencies be very clear as to how the handover will be handled:

- **Guard your reputation.** The reputation of a client can suffer markedly if the managing out process is poorly handled and the circumstances of the termination of the incumbent were not fair and equitable. It is worth recognising that this can affect a client's ability to attract other agencies.

- **Ensure the incumbent hands over fully to the new agency.** If they have been managed out fairly they should be asked to co-operate fully with the newly appointed agency.

- **Transfer of rights and licenses.** Particular attention must be paid to Intellectual Property Rights (IPR's), licenses and confidential information the incumbent may hold. Too many disputes emerge downstream because these issues were not addressed in the handover, leading to ill-feeling, cost and potential damage to a client's business.

- **TUPE.** As mentioned earlier, consider your obligations by seeking advice from the DMA's legal specialists.

Induction

Plan an appropriate induction programme for the new agency in order to bring them up-to-speed quickly:

- **Arrange key briefings sessions.** Highlight the immediate priorities for the business.

- **Get an agency induction.** Understand more about how they think and work.

- **Handover all relevant planning documents and papers.**

- **Spend time getting to know the team.** Build up the chemistry as rapidly as you can.

- **Agree working practices.** How you will plan and develop campaigns. Turnaround times. Legal sign off. Campaign tracking.

MAKING THE APPOINTMENT continued

Measuring agency performance

Make it clear from the outset how the client / agency relationship will be monitored and appraised. All relationships, even the strongest, need re-appraising from time to time and the best client / agency relationships are characterised by on-going formal review procedures, two way dialogue, honesty and chemistry. The DMA offers clients a client/agency performance development service via its partnership with ClientView, to help clients get the very best from their agency relationships ...see www.dma.org.uk/dmaclientview for details.

SUMMARY OF BEST AND WORST PITCH PRACTICE

Finally, in the course of developing these guidelines the feedback from agencies has given us a strong insight into the best and worst of client pitch practice. Here's a topline summary of what they said:

The worst clients are those who...

- **Play agencies against each other and make up budgets**
- **Take months over the pitch process or final decision making**
- **Minimise contact and make little attempt to build chemistry**
- **Use re-pitches to oust their incumbent agency**
- **Do not allocate proper time for planning, briefing, the pitch or feedback**
- **Provide vague briefs or change the brief mid brief, often via a committee**
- **Provide a deluge of irrelevant information**
- **Don't want to be contacted, asked questions or participate**

The best clients are those who...

- **Know what they want and can articulate it in a clear brief**
- **Are up-front and honest about their challenges**
- **Are clear about their process of evaluation**
- **Make time for the pitch process and feedback**
- **Are accessible and open**
- **Show integrity, professionalism and respect**
- **Offer true working partnership, immersion, involvement in the business**

APPENDIX ONE:
CHECKLIST FOR WRITING A PITCH BRIEF

Suggested sections	Suggested contents
1. Background	• Briefly description of business / brand inc. relevant history, ownership, sales / customer information, key competitors / market share. • Explain why the pitch is being held.
2. The market	• Nature, size & growth trends: volume & value. • Significant product developments or market innovations. • Future expectations. Regional or seasonal characteristics.
3. The product or service	• Brands, variants, prices: recommended, actual, trade. • Brand-shares: current/previous, volume & value. • Cross product holdings, if relevant. • Key brand benefits. • Benchmarking versus competitors.
4. Overall marketing strategy	• Communications & channel strategy employed to date & success thereof. • Brand strategy & execution – historical, current, planned. • Detail all other marketing support e.g. digital, PR, sponsorship, direct marketing etc • Include relevant research summaries.
5. The target audience	• Target audience : quantitative & qualitative profiles. • Describe purchase considerations & motivations. • Describe current & desired relationship with brand.
6. Channel to market	• Describe channel to market: giving volume & value splits. • Include relevant pricing or trade incentive details. • Key customer details, as necessary.
7. Internal structures/ operations	• Marketing & salesforce structure. • Operational structure: call centres, web based operations, print & fulfilment.

APPENDIX ONE:
CHECKLIST FOR WRITING A PITCH BRIEF continued

Suggested sections	Suggested contents
8. The marketing challenge	• Outline the specific challenge: e.g. to launch, increase share / loyalty / profitability, to upsell / cross-sell, to retain / win back.
9. Marketing objectives (to be quantified)	• Define targets (by audience, by channel, by when) • Outline evaluation methodology.
10. Expected discipline usage	• Define channels & disciplines that are within the brief (especially where you have existing partners)
11. Timing	• Be specific on expected campaign timings: both execution & duration
12. Budget	• Stated allocation. Inclusions/exclusions. Allocation guidelines. VAT / non VAT.
13. Guidelines and constraints	• Supply current brand guidelines.
14. Support material to be supplied	• All relevant research data: qual & quant. Post campaign analysis. Examples of previous communications (ATL & BTL).
15. Contact details	• For further questions: client-side & with existing agencies. • How questions on the brief will be dealt with.
16. Pitch details	• Timing, location, duration, client attendees.
17. Pitch expectations	• What you expect to be covered & how you will judge the pitches.

APPENDIX TWO:
EVALUATING PITCHES: AN EXAMPLE SCORECARD

Agency name:

Date of presentation:

Part 1 - Agency performance

Do the recommendations	Marks out of 5 or use weighting
1. Answer the brief	
2. Demonstrate quality thinking on:	
Overall strategy	
Market needs	
Brand business understanding	
Target audience	
Positioning	
Creative strategy	
Targeting / media / data strategy	
3. Demonstrate creative flair in:	
Creative idea	
Creative execution	
Targeting / media / data plan	

APPENDIX TWO:
EVALUATING PITCHES: AN EXAMPLE SCORECARD cont.

Do the recommendations	Marks out of 5 or use weighting
4. Demonstrate that the creative idea integrates across-the-line e.g. advertising, digital, PR, POS, SP,	
5. Cover:	
Budget estimate	
Programme timetable	
Pre and post-research & measurement / evaluation	
Staffing plan (provision for handling the account)	
6. Has the agency made intelligent use of the information we have provided? Are its assumptions about it realistic or naive?	
	Marks out of 5 or use weighting
7. Has the agency attempted to obtain additional information about our business & the issues that are inherent to the account?	
8. Has the agency understood the attitude & culture of the company?	
9. Has the agency understood the character of the product or service?	

Do the recommendations	Marks out of 5 or use weighting
10. Has the agency demonstrated disciplined thinking, logic & communication both in written & verbal presentation?	
11. Overall, do the recommendations fit with the company's business objectives?	
Part 1 – total marks out of 110	

Part 2 – working relationship & team member

Do the people seem:	Marks out of 15
1. Easy to work with?	
2. Intelligent?	
3. Professional?	
4. Technically skilled?	
5. Do they have good rapport as a team?	
6. Do you like them?!	
Part 2 – total marks out of 90	

Grand total possible marks out of 200	