

Relationship Capital

How to turn agency relationships into powerful competitive assets

As we celebrate the ANA's 100th Anniversary and its vibrant history of advertising, it's a good time to reflect on our vast and ever-growing arsenal of weapons of mass persuasion and ask ourselves: What clever combination of stones may we have left unturned?

Following years of economic progress driven by human, knowledge, and intellectual capital, companies are realizing that in today's interconnected world, their greatest assets are the relationships they rely on to grow their business. Yet, there is one valuable partnership that has historically been poorly managed, despite huge resources being allocated to it: clients and their advertising or marketing communications agencies.

It's undeniable: evidence has consistently shown that high-performing brands have successful long-term relationships with their agencies. When the partnership is managed properly, companies not only win the hearts, minds, and wallets of their customers, they also yield outstanding business results and ROI.

The insane proliferation of media channels, profound changes in consumer habits, and the vast range of skills required to execute marketing campaigns have all accentuated the vital role agencies play. Savvy companies have learned how to turn these trusted partners into powerful competitive assets so as to engage customers, grow market share, and build healthy brand families. Consumers are too demanding, competition is too tough, and time and resources are too scarce not to take full advantage of agency relationships.

Let's look at what best-in-class companies are doing to harness client/agency relationships.

Blending the right mix of talent. It all starts with having the right combination of agencies and discipline-specific competencies. Indeed, successful companies know how to assemble the right mix of agency talent so the sum is greater than the parts. Much like a great recipe, it's not just about having the right ingredients but about having them blend well together. In today's demanding milieu, having a hot, award-winning agency on your roster is no longer good enough. Effective and smooth collaboration between carefully assembled, complementary agencies is essential to delivering consistent, effective, self-reinforcing, and fully integrated consumer experiences.

Expanding an agency's role from agent to business creator. Agencies have built a multibillion-dollar industry around developing and executing marketing campaigns and promoting new and existing brands on behalf of their clients. Clients now have the unique opportunity to apply their agency talent — developers, analysts, researchers, and user-experienced designers — at the beginning of the product development cycle rather than at the end. By focusing on customer needs and understanding people's emotional connections to the brand, tomorrow's agencies will expand their role from pure marketing agents to designers and builders of desirable products and business lines. And they will draw on the tremendous customer insights they collect through the multiplication of social and digital media channels.

Fostering accountability and risk-taking. While we have seen agency compensation move toward greater transparency and

equitability over the past decade, agencies and their clients have been slow to work out agreements that foster a strong sense of ownership of results. Leading brand advertisers have challenged the moribund practice of having agencies fill in time-sheets by creatively getting them to put some skin in the game — transforming mere vendor relationships into productive partnerships that pay increasing dividends over time. Clients need to become savvy about compensation arrangements that are focused on business outcomes, profitability, or even intellectual property-sharing with their agencies. They also need to work together with their partners to encourage risk-taking — and to reward them for the unique value the relationships deliver.

The C-suite is waking up to the reality that every aspect of marketing must be fine-tuned to deliver meaningful ROI. Under economic pressure, clients keep asking for more from their agencies while expecting to pay significantly less. Agencies are struggling to protect their intellectual property and even their work when pitching their skills to clients. The clients that will lead the industry for the next 100 years embrace the era of relationship capital by making agencies their most valuable business partners and a vital part of their success in the marketplace. And so can you. ■

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author of Agency Mania: Harnessing the Madness of Client/Agency Relationships for High-Impact Results, available at Amazon.com and Barnes & Noble.

