# How to Handle the Heat of Agency Transitions

**How to conduct an effective, smooth and expedient agency transition … without getting burned in the process.**

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Last year was terribly "hot" in advertising, and if you are wondering, I am not referring to global warming or the steamy agency work presented at the Lions Festival of Creativity in Cannes. Instead, I am speaking to Mediapalooza, the unprecedented number of major brand competitive reviews that took place: per COMvergence, the U.S. recorded by far the largest amount of media spend ($11 billion) under review or changing hands, and over 900 reviews globally.

This is only the tip of the iceberg. By the time a review is being announced in the industry, or a decision is being shared with the news media, a significant amount of time and energy went into the process of completing a competitive review and deciding who should take on the responsibilities of lead agency. Almost done, right? Not quite. The search and selection process, although demanding, is often benign compared to what's coming next: transitioning the prior agency and preparing to work with a new agency partner. This process, known as agency transition, is critical to the combined success of the client and agency. It's not quite as glamourous and probably won't be the subject of much media interest, but it will determine the ultimate success of a process that started months prior and is at risk of creating more downside than upside, unless properly managed.

Let's take a more intimate look at what the client and its agencies, the incumbent one and the new assigned one, are up against, and let's reveal the secrets of effective, smooth agency transitions. Here are 10 critical steps to a successful agency transition:

### 1) Terms: Review and comply with the termination terms of the agreement

The first step is to consult with the Marketing Procurement team on the specific requirements for termination often captured in the Master Service Agreement. Having a comprehensive termination clause and detailed language articulating expectations provide a much-needed framework to prevent unnecessary headaches and difficult conversations. Most termination contracts have a 90-day period. All terms are effectively negotiable, so it might be longer or shorter based on the nature of the work relationship. It should give ample time for both the client and the agency to handle the transition in a way that is mutually satisfying. As soon as the decision is made and shared with the agency, the clock is ticking. Relying on the precise termination terms will accelerate the process and reduce potential friction.

# 10 Critical Steps to a SUCCESSFUL AGENCY TRANSITION

- **Terms**
  Review and comply with the termination terms of the agreement.
- **Resource Managment**
  Set up a transition v-team composed of internal and external stakeholders; actively monitor talent activity.
- **Assets**
  Identify and transfer all creative and production assets held by the incumbent agency to the designed repository.
- **Noise-handling**
  Over communicate; ensure everyone is operating on the same plan.
- **Stability**
  Avoid work disruptions, delays, duplicative efforts, wasteful activities.
- **Intellectual Property**
  Ensure the immediate transfer of all client documents, research and confidential materials.
- **Timeline**
  Set realistic timelines and checkpoints.
- **Investment**
  Minimize transition costs and duplication of expenses.
- **Onboarding**
  Provide access to key resources and accelerate ramp up time with training.
- **Next**
  Look forward, focusing on setting up the new agency for success while gracefully transitioning the prior one.

## 2) Resource management: Set up a transition v-team composed of internal and external stakeholders; actively monitor talent activity

Shortly after the decision has been communicated, the priority is in setting up a virtual-team composed of major stakeholders: 1) the client team will designate a transition manager who can draw resources from procurement, legal and the marketing organization and report progress made or escalate issues to senior management; 2) the new agency will assign a key contact to manage the responsibilities associated with onboarding and getting “client” ready; and 3) the incumbent agency will assign a lead individual to handle all agency communications and updates, as well as coordinate all activities back at the agency. Keeping an eye on talent is also vital. The incumbent agency might be required to lay off resources, move key individuals or may simply lose employees looking for other, more stable opportunities considering the termination. The new agency — even the brand advertiser — might be tempted to poach and hire top performers and key staff from the incumbent agency to accelerate its ramp up. Although some of it might happen organically, it remains an ethical issue. No solicitation or explicit inquiries should ever be conducted as it could lead to mistrust and additional costs detrimental to the brand’s working relationship with its agencies.

## 3) Assets: Identify and transfer all creative and production assets held by the incumbent agency to the designated repository

For agencies that produce assets, creating such a list and making sure it gets transferred to the client can be a daunting task. Assets may include broadcast (talent agreements, music contracts, stock footage as well as reels, list of supplies, masters and production elements), print advertising (art studio, art buying, etc.), digital advertising (all creative and production elements, copies of all contracts, list of client-specific IDs and passwords used with various vendors) and the list goes on, based on the services provided. As the process of moving physical and digital assets unfolds and these are sent to a new storage vendor or the client’s designated repository, the v-team must also initiate the reconciliation and closing out of any outstanding jobs, reviewing and signing off on final invoices. A brand may choose to hire a specialized production consultant or firm — if they don’t really have one — to handle this labor-intensive, detail-oriented process of transferring all assets (money well spent if you ask me).

## 4) Noise-handling: Over communicate; ensure everyone is operating on the same plan

No matter how hard brands try to handle this process, agency transitions are turbulent times. It can be a noisy procedure with too many people playing deaf out of convenience. I’ve seen too many agency transitions fail with disastrous, undesired consequences due to a lack of proactive communications by the client with the concerned agencies and with internal teams, all left to their own demise. Everyone on the client and agency side must be well aligned from the start and operate with a firm timeline and clear responsibilities. It’s important that everyone becomes familiar with those to ensure full compliance with the contract terms and conditions. Additional resources can come handy, such as FAQs (what are the implications of this announcement, when is the change effective, what support will I receive, how do I get answers to my questions, etc.), a portal, email alias or phone number for anyone to ask questions or raise potential concerns, allowing for immediate course correction and escalations as needed. Under no circumstances should anyone initiate communication regarding this transition to the press or anyone outside of the brand or key agency partners unless authorized. Most brands prefer to see limited to no communication on this topic to avoid any potential leakage to the press.

## 5) Stability: Avoid work disruption, delays, duplicative efforts, wasteful activities

The responsibilities of the agency are usually spelled out in the termination clause, during which the agency will continue to be compensated. The termination clause typically states that the rights, duties and responsibilities of the agency and client continue during the notice period, which is the time between providing notice of termination and the date that termination becomes effective. So, both must continue to abide by all terms of the agreement until the termination is effective. Often, the transition is a highly emotionally charged period with many moving parts. Despite all good efforts, it can easily lead to the disruption of work already under way or imminent. It can delay campaign work, suspend current activities and create tremendous tension and unwanted frustrations for all involved. Whenever the work is delayed or suboptimal, it effectively turns into huge inefficiencies or a waste of time, energy and funds.

### 6) Intellectual property: Ensure the immediate transfer of all client documents, research and confidential materials

Once assets have been transferred, the focus must be on returning any relevant confidential documents, research materials and reports. The brand needs to work with the incumbent agency to determine the specific IP that should be transferred pursuant to the agreement, and to identify any contracts or other documentation that needs to be assigned or transferred to the brand or another agency to facilitate the client's use of the content developed by the agency going forward. Non-assets may include documents and data that include IP such as marketing and media plans, training materials, creative works in progress (storyboards, scripts, concepts), vendor contracts, input briefs, financial records, consents, licenses, releases, presentations, memos including transcripts and reports of any kind created by the client or by the agency on the client's behalf. Needless to say, the confidentially provisions in the contract must be honored at all times by both parties and often times, for years post-termination. Until the IP is returned, the agency should be reminded to take all reasonable precautions to safeguard any of the client's property entrusted to it, as it remains responsible for any loss, damage, destruction or unauthorized use by others of any such property caused by or arising out of negligence or willful misconduct.

### 7) Timeline: Set realistic timelines and checkpoints

The agency transition must be carefully orchestrated and timed properly so that everything is where it needs to be by the time the effective termination date is reached. That's easier said than done. The timeline must be realistic and all parties must commit to deliver, especially during the hand-over period when responsibilities are transitioned between the incumbent agency and the client, and then from the client to the new agency. Now imagine the possible implications for a global brand with regional and local offices, dealing with such complexity in a short 90-day window while juggling other important daily responsibilities. Setting regular checkpoints like monthly and weekly meetings is a must-have to proactively address potential roadblocks or unexpected issues along the way. Those are inevitable, and if they occur frequently, can significantly derail the project plan. The brand marketing leadership must be kept in the loop as any hiccup could impact its campaign goals or commitments.

### 8) Investment: Minimize transition costs and duplication of expenses

Going through an agency transition is a significant investment of time and resources. As such, the expected benefits must outweigh the potential risks and resource commitments needed. Most termination agreements will stipulate that the brand will pay the agency for all services provided, prorated to the date of termination. It's quite possible that the incumbent agency might remain involved on a project basis or be considered down the road as an AOR. It happens more often than you might think, and it's in everyone's best interest not to burn bridges. Look at automaker American Honda Motor Co., which yanked its media planning business from advertising agency RPA four years ago to give it to MediaVest, only to return to RPA as its agency of record for media planning and ad buying for its Honda and Acura brands. No matter what the outcome, the brand and the agency are expected to fulfill their respective duties and obligations through the termination period and complete the work. As the new agency is ramping up, it's likely that a small overlap in time may occur. That overlap might create a duplication of resources (and therefore expenses) as one is rapidly winding down while the other is quickly ramping up. Any materials or services the agency has committed to purchase for the brand or any uncompleted work previously approved by the brand shall be paid for.

### 9) Onboarding: Provide access to key resources and accelerate ramp-up time with training

In "The New Efficiency Frontier: Online Agency Onboarding," I spoke to the need for a more rigorous approach to training agency resources for speedy onboarding and a more effective use of agency resources. During an agency transition, the costs of a knowledge gap couldn't be greater. The new agency is likely to struggle ramping up as quickly as it needs, training its staff on everything from understanding the client's business and the way it is organized, to adhering to its brand, privacy, legal standards, procedures and policies, as well as various campaign workflows and approval processes. It's a bit like drinking from a firehose … and trying to keep smiling. Organizing training content and delivering it through an LMS system can make a remarkable difference and ensure your new agency is ready sooner to take on the work.

### 10) Next: Look forward, focusing on setting up the new agency for success while gracefully transitioning the prior one

As the transition period nears the end, an important shift in focus must occur. Setting up the new agency for success is of paramount importance and must take precedence. Having a 30-60-90-day plan encourages the new agency to align behind a set of tangible milestones and metrics that simply improve its chances to successfully build a strong partnership and deliver great work. The lessons learned from the prior relationship should be applied to the new one so the same mistakes won't be repeated.

Productive client/agency relationships can't escape the occasional tension experienced by close partnerships. However, no brand advertiser wants to get burned by working with the wrong agency or by going through painful agency transitions.

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