



Mercer Island Group

Strategy, Branding, & Marketing

*A classic Mercer Island Group
whitepaper revisited:*
**Best Practices in
Client/Agency
Relationships**

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A classic Mercer Island Group whitepaper revisited:
Best Practices in Client/Agency Relationships

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Revisiting & Updating a Classic

When we wrote Best Practices in Client/Ad Agency Relationships in 2005, we had no idea it would become one of the most popular papers ever written on the complex nature of these important working relationships. Today, in revisiting the topic, we find that the principles that worked then remain important today – and if anything, are even more important. We have also updated the paper to make it even more relevant to today’s executive, adding commentary on the dramatically evolving role of innovation in marketing. As always, we welcome your feedback.

Summary

The advertising business is a people business. Thus, partnership and respect between a client and their advertising agency is at the crux of the highly volatile and emotionally charged relationship. Smart clients and agencies keep communication lines open and clear while working constantly and consistently to keep the relationship on track. Strong partnerships between clients and their agencies will produce the best work and lead to better business results. Longevity in client/agency relationships is also a key to solid advertising results.

Best clients manage their agency relationships with consistency through the development of clear roles, processes, and checkpoints. Additionally, expectations are transparent and success is clearly defined. Nonetheless, best agencies strive to always remain proactive and exceed expectations.

Key study findings include the following:

- Strong clients and agencies focus their best practices around working with people – this is a people business.
- Trust is the foundation of lucrative client/agency relationships.
- To bring their best to the client/agency relationship, both the client and the agency must be strong partners.

Introduction

The marketing services and client arena has changed dramatically over the past decade. As pressures increase dramatically for both companies and advertising agencies, the impact of solid client/agency partnerships is perhaps more valuable than ever before. The agency relationship is unlike most business relationships and recognition of its unique demands will help companies to be winning clients.

Our Process

To help address the question of what makes a great client, Mercer Island Group conducted a national research study in Q1 2005. In-depth phone interviews were conducted with experts at very successful, major “brand name” companies to identify best practices in being a successful client. Executives interviewed were familiar with:

- Starbucks
- Ford – Lincoln/Mercury
- Coca Cola
- HBO
- Allstate
- Nike
- Snapple
- The Clorox Company
- Southwest Airlines
- Verizon
- IBM
- Hasbro
- Microsoft

- Burger King

Additionally, executive and senior staff members of advertising agencies, experienced independent consultants, and other industry experts were interviewed to gain perspective on what makes a good client and a strong client/agency relationship. The inclusion of these individuals offers a balanced picture of best practices from both the client and the agency side of the relationship.

Participants included:

- Wieden & Kennedy
- Publicis & Hal Riney
- Hill, Holiday, Connors, Cosmopolous
- DDB, Seattle
- DDB, San Francisco
- McFarland Richards & Graf
- GSD&M
- Scott Bedbury
- Joanne Davis
- Bill Nicholson

In order to maintain the confidentiality of the research participants, all quotations will remain anonymous.

Key Learning

There is much riding on the relationship between a company and their advertising agency. The best work will come when the relationship is positive and respectful. Therefore, the client/agency relationship, when at its best, is a partnership like a good marriage. Moreover, a successful partnership depends on the strengths of the two parties coming together in a synergistic way. Key success factors include:

- Open communication and candor
- Freely shared and accessible information
- Transparent expectations and a clear definition for success

Additionally, patience is an integral part of the DNA of a winning client/agency relationship. Both sides must be willing to work hard at the relationship over a sustained period of time. The client and the agency must each be willing to create and sustain the partnership. Ultimately, the payoff for the hard work and patience is longevity in the relationship, enhancing the investment in energy for both parties.

The relationship between client and advertising agency is one of the most unique and important in business. It is a complex relationship with each side owning a key to the great financial benefits associated with success. The complexity of the relationship exists as multiple disciplines with different perspectives collide in the pursuit of the same end goals. Specifically, each side of the relationship is seeking to drive the business through marketplace communication. Decisions between the two parties are rooted in fact, but shaped in large part by personal judgment. It is said that marketing is part science and part art, and in no other arena is this as apparent as in the client/agency relationship.

Unlike most business relationships, the client/agency relationship is not transactional or interdepartmental. The client is not like a customer in the traditional sense as there is no exchange of dollars strictly for a measurable product or service. Nor is the agency like other functional units on the client side such as accounting, finance, manufacturing, or human resources. As the relationship between client and agency is a people-based interaction, not a transactional relationship, emotions are often involved and bruised egos can quickly escalate into full-scale problems. Judging creative is not like making other business decisions. Clients need to recognize the difference between managing creative people versus business issues and between managing designers versus technologists. Because of all the unique challenges, the client/agency relationship is a dynamic relationship. Either good or bad, the relationship is rarely ever so-so.

Trust is the Backbone of Client/Agency Relationships

Deep trust is at the very core of successful client/agency relationships. High levels of trust will ultimately lead to better work and higher efficiency. As with any relationship, trust is created through the meeting of expectations and commitments, either implicit or explicit. Therefore, if trust does not exist, great work is unlikely. Moreover, two companies do not create advertising. It is people and the strength of the relationship they form with one another that create advertising. Most productive relationships are not necessarily always about the work that is created, but rather about the people and how they labor together. The more collaborative and synergistic, the better the relationship, and the better the advertising will be as a result.

All too often, people on the client side underestimate how dependent the creative fields, such as advertising, are on relationship elements. Hence, good clients do not confine their relationship with their agency to presentations in conference rooms. They socialize outside of work to build bonds and nurture an environment where the relationship is positive, even if tough and challenging. Like it or not, agency people will simply work with more enthusiasm and dedication for clients they are fond of, respect and trust. Best clients clearly understand how important their attitudes, actions and decisions are and how these attitudes, actions and decisions affect the performance and morale of their agency partners.

The Importance of Being a Great Partner

Most clients would say they consider their agency to be a partner, not a vendor. Conversely, most agencies would prefer to not work for a company if they feel the vendor perception exists. However, in reality, the concept of partner can be stronger than the actuality of a partnership that exists in the client/agency relationship. By definition, a partnership is collaborative in nature while a vendor relationship consists of being told what to do and then executing on the demands. Furthermore, a partner has a preferred long-term service provider connotation, which a vendor does not. Since most clients do not have the creative expertise to do the advertising themselves, they have great dependence on their agency. Good clients view their agency as working with them, not for them. It is not a "master/slave" relationship in any way. Sometimes an agency, if truly a partner, will tell a client what they don't want to hear. However, this type of communication is always done in the best interest of the company.

The client/agency partnership is an extremely interconnected relationship. Both parties have a strong reliance on each other and much is riding on their interaction. To be best partners, the personalities of agency and client must complement each other, creating a whole that is better

than the sum of its parts. Much like a good marriage, good client/agency partnerships are enormously satisfying adventures. Ultimately, the success of the work depends on the strength of the partnership and as such, few clients can afford agencies with which they have mediocre relationships.

“If you approach your agency as a vendor, you go down a bad path. If you want an agency that tells you what you want to hear, you’re wasting your money.”

The best client/agency relationships, as a partnership, are built on a high degree of trust. Furthermore, there must be natural chemistry and values alignment. Commitment to having very strong, capable people on both sides of the relationship contributes to trust in the expertise of each side of the relationship. Therefore, having mature, seasoned marketers evaluating the advertising is crucial. Junior marketers should be allowed to observe the process and can certainly provide their opinion of creative work, but should not be in a decision-making capacity regarding the creative. Giving junior clients too much responsibility can contribute to a reduction in the trust the agency has for the client. In addition, client partners should be more concerned with the work rather than their own personal career path.

Seven Characteristics of Great Partners

A key to a strong relationship between the client and agency is a sense of partnership. Our study sought to determine what makes a great partner. Seven key themes emerged demonstrating characteristics that great partners possess.

Seven Characteristics of Great Partners

1. Maintain philosophical alignment
2. Speak with ONE voice
3. Consistency
4. Clear roles and checkpoints
5. Clear communications and expectations
6. Effective processes
7. Agreed-upon strategy

Great Partners Maintain Philosophical Alignment

The first characteristic of great partners is a philosophical alignment between both parties. Without some common philosophical beliefs, it will be very hard to have a productive relationship. Values alignment is fundamental.

Specifically for the client/agency relationship, shared beliefs are needed between the agency and client on the following questions:

- What is a brand and what role does it play for the business?
- What role does advertising play and how important is it REALLY, REALLY?
- What makes for good advertising?

Great Partners Speak with ONE Voice

Furthermore, great partners are unified and make clarification and direction as simple as possible. To add clarity, one person needs to be accountable. In a workplace where most are encouraged to give their two cents, the majority of clients struggle with the idea of a single point person. Ultimately, clients need to have a single point of accountability for decisions being made that will affect the advertising for the company. The appointed decision maker should be present in all key meetings with the agency and should have direct and frequent contact with the appropriate players at the agency. Without a key decision maker who speaks clearly and stridently, client direction to the agency can be fractured. When fracturing takes place, the agency is often forced to “follow the loudest gun.”

Communication roles must be clearly defined in the client/agency relationship. Those in leadership positions must be explicit with their internal team, from the top down, in both verbal and written communication as to:

- What the “ground rules” are
- What the expectations of the agency are

Furthermore, to ensure clarity of direction to the agency through the one voice of the client, top-to-top relationships are critical because the higher the level of the people in on the discussions, the better and faster the results. People involved in the key decision-making process need to be those who can say “yes” and not just “no.” When there are too many people providing input who do not add strategic value, the agency will end up spinning their wheels and delaying work that needs to happen.

Great Partners Manage for Consistency

The role of stability in client leadership is extremely important. Constant client change can be very difficult for agencies. Management changes can breed problems and uncertainty about the competency on both sides of the relationship. If the client/agency team has been functioning under one direction for years and new leadership makes significant changes, it is hard to shift gears. When a new chief marketing officer arrives at the client, the agency typically expects to be fired. Unfortunately, this kind of behavior often short changes the business. The client needs the institutional thinking that their tenured agency will provide, especially during times of transition. Technically, it may be an easy decision to fire the agency, but the decision makers must keep in mind that the client is not just losing the agency but the storehouse of knowledge that has been built up from working together as partners.

To avoid doubt and insecurity, longevity with a good team is ideal. While it is best if people on the teams do not change, change does have a role and is inevitable at times. If things need shaking up for a fresh perspective, perhaps try changing people on the account, possibly replacing members of the creative team and/or the account team. However, it is important to keep most of the team in place for consistency and balance. How the client and agency maintain consistency during times of change can be the difference between success and failure.

As a best practice for managing for consistency, a senior client executive should be involved in the evaluation and approval of advertising. The person approving advertising should be experienced; junior team members should not have their own approval step in the process of evaluating creative. Due to lack of knowledge and experience, junior marketers are often more conservative and afraid to take risks. Junior clients, if provided their own approval power, can sometimes sanitize creative and kill good ideas before they even reach more experienced clients.

Additional best practices for managing consistency include meeting regularly and ensuring constant interaction between the client and agency. Furthermore, the client needs to make sure that the agency works from a strategic brief. Finally, the client should have a strong organic sense of who they are and what defines their core values. Their core values should stay unchanged, but be flexible enough to accommodate creative expression.

Great Partners Have Clear Roles and Checkpoints

Great partners clearly define roles and responsibilities at each level for both the client and the agency. Checkpoints, such as standard approval processes, are also in place and clearly understood. Monitoring of agency activity is regular and routine, for example, via weekly status reports of project work. Vice Presidents on both sides meet regularly to maintain strong core alignment. Furthermore, the CMO of the client should meet regularly with higher executives at the agency, or at least attend regular conference calls, to provide business objectives and a viewpoint of the delivery calendar, which filters down to all in marketing so they can execute against it. Daily communication should also occur at the operating level. For some relationships, the client is at the agency as often as once per week.

“Customer is always with a capital ‘C.’ Employee is with a capital ‘E.’ There’s a familiarity. We’re so intimate with what they do that the issue of consistency isn’t an issue. TV, radio, print, outdoor, recruiting, labor relations, the on-hold message when you call the 800 number—all are consistent no matter what management changes occur.”

Great Partners Foster Clear Communications and Expectations

Maintaining honest and clear dialogue is crucial for great partners. Frequent and candid conversation is essential and when this type of communication is lacking things can get terribly unproductive very quickly. If the client is not up front early in the process regarding expectations when the work is not up to par, there will be a snowball effect of wasted time rolling into wasted money. Therefore, expectations must be clear for both parties and the expectations and opinions should be shared regularly. In business things change and thinking changes; nonetheless, it is the responsibility of both the client and the agency to constantly check with each other to make sure that expectations are on the same page.

“We have a single point of contact. Formal signoff on creative strategy is at the highest level. There is no spinning of wheels.”

As a best practice, some clients interviewed begin each project or campaign with a kickoff or “springboard” meeting between the top client decision makers and the agency. At this meeting the client must provide clear direction to the agency regarding their strategy and marketing objectives. In return, the agency must produce creative briefs that are consistent with the strategy and objectives. The process is actually described as “liberating.” The creative team is not released to create until this meeting occurs and they are thus better able to clarify priorities and manage trade-offs. In this process, it is ok to disagree, as long as the partners have a process for managing conflict productively and keep the dialogue about the work. Respondents placed a very high value on clear communication. However, according to participants it is not normally done well.

“I talk to the agency more than I talk to my wife, and neither is happy about it. The person will change over time—I don’t care if it’s a more senior or less senior person. I want the person who understands what I want, can articulate it, and can get things done.”

Great Partners Have Effective Processes

Every good partnership has a clear process for translating strategy into execution that is known to all players. If working correctly, the process should be invisible and should liberate the work to occur. The process itself should never become or replace the work.

Moreover, the process must become instinctual and part of the culture. The modus operandi may be much less formal due to the nature of the relationship or the pace of the work, and may vary depending on the client's size (global vs. regional) and number of project assignments.

"We have a very clear process. We set important markers for all groups. We are very specialized in working with the agencies on our core brands—how they are compensated, type of contract, deliverables, and agency evaluation."

A clear process for the development of strategy and execution must include and define the following:

- What is the sequence of activities?
- Who owns what? In particular, what decisions is the agency able to make?
- Who is the decision maker on the client side?
- What are the core principles around each activity?

Great clients also have a formal process for how their agency is evaluated. The criteria differ depending on the client, but clients interviewed suggest the following:

- "The criteria are basically share and sales."
- "How much value-add did they provide and other subjective things."
- "It's a risk-gain share model, based on their performance. It's based on scope and function with a bonus based on their evaluation."
- "Final ROI. Also how brand advertising fares. How we feel about the brand and how it's measured against different factors. Sales results and testing results."
- "The same way we measure results of the business. We evaluate the framework and issue a standard report card. We look at the ability to solve big, complex, bold questions in an unconventional way."
- "We have a sophisticated communications program that includes surveys and talks with the agency on a global basis. There is a matrix for each model in terms of share and sales."
- "There is quarterly reconciliation. We look at the numbers: are we on target?"
- "We judge our agency the same way we judge the marketing team: Are they staying on budget? Are they efficient? How is the strategy? There also are tracking measures."

Have you put any new processes in place that have improved relationships and/or performance with your agency?

"We defined campaign architecture, codified what advertising was about. It keeps people on the same page. We codified the personality of the brand—upbeat, carefree, and fun—and we stick to the strategy."

"Regular dinners. It's where we develop ads, appearance and budget. We started them in November 2003."

For the agency and the client both to truly benefit from reviewing the agency there must be an understanding by both parties of the process that is used for the evaluation, and the activity and results that are monitored. Often, the review process is a risk-reward process for the agency. Typically the review is partly based on qualitative assessment but also tied to certain aspects of brand health, and these factors determine the level of compensation that the agency receives.

To get most value out of the review, feedback should be delivered face-to face to the agency with senior management present. Additionally, the agency is encouraged to give feedback to the client as well. In the best partnerships, ongoing informal feedback is constant by team members on both sides of the relationship to keep the work on track.

Great Partners Have Agreed-Upon Strategy

Great partners spend a lot of time developing and working from an agreed-upon strategy. The role of consistency in direction and strategy, from client to agency, is one of the most important factors of a solid working relationship. Without this strategic alignment, there can be chaos, duplication of efforts, and the expense of running the agency sharply increases. A clear process for strategy development and an agreed-upon strategy has the power to solve all kinds of personnel, workflow, ego and other relationship issues. A lack of strategy is akin to not having boundaries, borders, and curfews for kids—all hell can and often does break loose.

Agencies enjoy and typically prefer working with clients who come to the table with a sound strategic mindset. A strategically thorough client makes it easier for the agency to do their work and to be fairly evaluated against strategic intent. What's more, strategic clients think in terms of the problem they are trying to solve, not just in terms of needing an advertising campaign. That being said, a client should not alter the strategy frequently. Often advertising works best if the strategy is broad and does not change over long periods of time. A long campaign typically gives consumers something with which to identify, while a campaign often runs out of executions before the strategy itself runs out of steam. One of the worst things for an agency is working with clients that are constantly changing their mind. Clients and agencies need one strategy. If one day the client wants this and one day they want something else, the agency becomes reactive versus proactive. A client needs an agency to be nimble, but when the client abandons strategy, it is difficult for the agency to function.

The campaign is not the communications strategy. Strategies should be long-lived and reasonably enduring. Campaigns can change much more often.

Client Best Practices

Client best practices are about people. Therefore, good clients learn and recognize the structure and politics of their agency. Moreover, good clients appreciate and understand how their decisions, actions, and attitudes affect the performance and morale of agency people.

The effectiveness of the partnership stems from individual chemistry, and chemistry will improve with understanding. Agency people will simply work harder and with more enthusiasm for clients who they respect and trust. As such, a best practice for clients is to make the agency part of their business family, keeping the agency in the loop so they share in both the pain and the joy of the client.

Open Communication Is Key

A key to building a good relationship between the client and agency is for the client to engage the agency intimately in the business. A smart client will make the agency part of the business, not just the advertising. To do so, frequent and candid conversation is important. The client should regularly share their expectations, opinions, and ultimately their evaluation of the agency's work. Additionally, in a true partnership there will be freedom for the client to share their difficulties with the agency, both emotionally and financially. People want to be heard and

given a chance to be understood. As advertising is fundamentally a business about people, the importance of free respectful communication is invaluable. Compared to the alternative (lack of communication), the downside of candor is minimal and the potential rewards in terms of better working relationships and new ideas are substantial.

Best clients respect the agency's expertise and acknowledge that the agency has more experience making advertising than anyone else on their team. As such, clients should listen to the thoughts and recommendations of the agency people with an open mind. This does not mean that a client has to do exactly what the agency recommends, but good partners hear their agency's thinking and give it fair consideration, as it is coming from an expert source. Great clients write strategy, not ad copy. Agencies are hired because they are experts at turning strategy into advertising, not because they are novices. To get the most out of the client/agency partnership both sides must understand one another and be open to honest feedback, finding a way to disagree without being disagreeable. Clients need to prove that they believe in good advertising by investing the time and money it takes to do good advertising.

It is not a good idea to keep secrets from an important partner. Smart clients are absolutely open about their marketing situation, their plans, and the direction of their sales effort. Allowing access to as much information as possible will allow the agency to best work to meet the needs of the client. Therefore, it is important that open communication includes information sharing. Best clients include key agency partners in as many internal project meetings as possible. Clients should minimally provide semiannual presentations to all agency staff on the state of their business and the key initiatives to make sure that the agency's knowledge is current. Additionally, clients should share all data and issues with their agency including:

- Syndicated data, research, demographic insights
- Sales and internal data & organizational issues and changes

Defining Success

Recognizing that every participant, from client to account manager to creative partner, must be a contributor to the process produces the most success. Client and agency boundaries should be forgotten for the sake of collaboration. All parties must continually focus on the common goals of great advertising and great business results. However, setting the common goals must be done together. A brand manager may define great advertising very differently than a copywriter, an art director or an account manager. Early on, players from both sides should sit down to exchange expectations and definitions of success and greatness. The client wants the agency to deliver "lightning in a bottle" while the agency wants to do good work. The key is to align each side's expectations so that all are working toward the same goal.

Measuring results goes hand in hand with defining success. As such, a clear process for setting objectives and measuring performance is an additional best practice. To be most effective, at the start of the year priorities should be outlined for both the client and agency on business

Important Processes and Approaches for Best Clients

- Open communication
- Defining success
- Patience
- Understand each other's culture
- Prepare
- Check the pulse of the relationship regularly
- Keep agency indifference at bay
- Longevity = Value
- The cost of switching agencies is high

issues and advertising capability. In addition, any problems in the past that both sides want to work on improving should be addressed.

It is often smart to compensate to motivate when the agency is meeting expectations. Best clients make sure that their agency is making a reasonable profit. The compensation system must be transparent and ultimately must be believed to be fair by both client and agency. As a best practice, clients should structure agency compensation to include an incentive financial component based on the success of the business. Additionally, smart clients pay for the senior talent at the agency. Typically the senior people are the most experienced in the agency and will have the most to contribute to the success of the advertising and thus the success of the business.

Patience Required

Like any relationship, patience is required in client/agency involvement. In fact, patience is one of the most important characteristics for the players to bring to the relationship. Working with humans takes tolerance and getting good work takes time. The agency wants to help the client sell their product or service, but they also want to know that their approach to the advertising was a unique contributor to the sell. This type of special messaging takes time to develop and produce. Clients need to give the agency time to do good work. Then, clients need to give the advertising a chance to work. Getting a message to the public takes time. Best clients trust that the agency will do good work and then they give the agency time to do so. Unproductive clients never have the time to do the work right originally but always have the time to do the work over, resulting in a huge waste of time and resources. Additionally, smart clients give the advertising time to work while fickle clients waste their money cutting ads too soon.

“Just as you’re getting bored with an ad, the audience may just be catching on to it.”

Both Parties Must Understand Each Other’s Culture

To cultivate a great partnership, the client must be genuinely interested in understanding the unique culture of the agency. The client needs to be dedicated to learning about the organization, hierarchy, personality and overall style of the agency, keeping in mind that managing a team of creative talent often fosters a different culture than the client’s corporate culture. Irreverence and risk taking are often linked to creative genius. What’s more, creativity should be inspired, not intimidated. Most agencies are motivated by having something new to work on, to look at something in a different way, from a different angle every day. The agency culture is often a culture of risk. As such, the client must be willing to take risks versus trying to eliminate risks, understanding that trying to minimize risks does not lead their agency to produce the best possible creative work.

Conversely, the agency also has to constantly seek to understand the client’s culture. The agency must penetrate the organization and become very familiar with what is acceptable to management, and must intimately know the chain of command. Furthermore, the agency should interact with the client’s extended contacts in research and development, manufacturing, accounting, finance and human resources as deeply as the client, and time, will allow. Communicating with all departments early on in the partnership will help to develop strong relationships that aid in understanding the client as a whole.

Preparation is Required on Both Sides

Both parties must do their homework. While both sides are working on different parts of a single project, the facts and rationale from each side must be understood and accepted. Such practices lead to a cohesive and forceful marketing outcome. Both agency and client people should be able to speak their minds freely, but must be able to back up what they say with facts.

Moving Ahead: Check the Pulse Regularly

To move the relationship forward, the client should be open to feedback on how and why they are a bad or good client. Feedback is a gift and sometimes the client and the agency both can learn more from failures than from success. Best clients take accountability for which failures are theirs, which failures are the agency's, and which failures can be corrected. The agency should be treated with the same respect as an employee of the client's company, and a constant two-way dialogue that is honest and direct with 360 degrees of input should be encouraged.

Formal evaluations can be very useful for the client to decide if the agency is accomplishing the set objectives. At least once a year, good clients review agency performance against agreed-upon expectations and project goals. Ideally, the evaluation should include both a written evaluation and qualitative interviews. Participants should include top client and agency leaders and all relevant personnel. Some clients prefer more frequent evaluation such as a formal all-day review every six months. Whatever the case, it is smart to provide an agency report card as frequently as is needed to keep the relationship on track.

The review process should be consistent across all divisions of the agency. Each key group, including production, account management, creative and media, should be evaluated. The evaluation should include different metrics to ensure that the agency acts as a partner versus a supplier, including independent ideas, quality of information and stewardship, and should then include some compensation tied to results. Pre-set criteria may include learning about the client's products and business issues, driving their own ideas, reacting to client requests/feedback, presenting ideas outside normal course of business, etc.

Some clients prefer to have the agency evaluation conducted by a third/outside party, for example an internal strategy department or an external consultant, to keep the evaluation neutral. Nevertheless, if the review process is conducted internally or externally, once the results of the review are calculated, each team should be given one or two crucial improvement opportunities to take immediate action against.

Indifference is Costly

Best clients keep agency apathy at bay. Agency indifference can translate into mediocre ads, wasted time and money, and, most importantly, poor results. Therefore, it is important that clients keep their agency motivated, passionate and enthusiastic about working with their people and their products. Smart clients will do whatever they can to keep the work and the relationship fresh and free of atrophy and boredom.

To limit indifference, foster wise risk taking. Best clients are willing to take risks instead of trying to eliminate risks. The minimization of risk does not lead an agency to produce their best

creative work. Therefore, the client organization needs to be life-giving, not life-taking in its decisions, and should not fight against the agency's desire to do good work and push the envelope.

Longevity = Value

Long-term relationships between clients and agencies pay off. All of the learning, the mistakes, the successes, and the disagreements that occur through long-term partnerships create strength and valuable context. The best work often comes from a close, long-term relationship. Fickle clients waste their money on switching agencies while best clients realize that a long-term agency relationship builds client equity.

One client in the study was so committed to the *people* on the account, that when the agency resigned their account in favor of a bigger, competitive account, the client helped the account team find a new "parent" agency to set up a local office for the team.

Ending the Relationship: Switching Costs are High

The cost of ending an agency relationship and switching to a new agency is high. Starting a new agency/client relationship is a huge investment in both time and money, beginning with a search for possible new agencies and going through the RFP process, etc. Furthermore, once the new agency is onboard the learning curve is often steep and it takes time to develop experience and trust. With a fresh agency the client will lose the valuable learning made in the past from mistakes. Clients should not look for another agency without being able to clearly articulate what is wrong with the current one and without taking tremendous steps to fix the existing relationship. Instead of ending a relationship, experts recommend that if an agency/client relationship begins to go sour, some type of special intervention may be helpful. Recommendations include getting away with agency partners at an offsite location to talk it out. If necessary, outside mediators are available to help work out relationship issues. Good client/agency partnerships are worth the effort. There is no straight line to success.

If the client/agency relationship begins to go south, give peace a chance. Clients owe it to themselves and their agency to go offsite and have a heart-to-heart if they are thinking of letting them go. Have a 'therapy session' – maybe with an outside mediator. Don't start 'shopping' for a replacement agency before taking this step.

Agency Best Practices

A partnership goes two ways and it is important for agencies to develop best practices of their own to bring to the table when working with clients. Agencies should keep in mind that advertising is a people business and, therefore, why it is so important to respect the client. Key areas of concentration for agency best practices include communication and chemistry, process and roles, adding value, trust and collaboration. If any of these pieces are missing the partnership could falter.

Communications and Chemistry

Respectful communication is critical for the agency in order to build strong relationships with their client partners. An emphasis should be put on honesty and bond building with team members on the client side of the equation. Additionally, the partnership should have strong chemistry from the top

Communications and Chemistry

- Communication is critical
- Always be honest
- Build strong relationships
- Top-to-top relationships are key

down with top-to-to relationships receiving special attention.

Process and Roles

Great agency partners have clearly defined roles and processes. Additionally, an emphasis will be put on having people with the right experience in the correct roles, as the account team is essential to turning marketing requests into actual advertising. Furthermore, best agency practices include close-in participation by the creative team and the careful rotation of teams to keep the work fresh. Best agencies stay focused on the work of the advertising and do not get bogged down by the processes of the client, which should be simple ways to facilitate the work. Lastly, a solid briefing is the very foundation of the client/agency relationship and the agency should manage itself against the established brief.

Process and Roles

- Account folks are the essential translators of marketing realities
- Process should be invisible, a way to facilitate the work
- It is essential to have close-in participation by the working creative people
- Rotate teams to keep work fresh
- A good briefing is the foundation of a strong client/agency relationship
- Manage against the agreed-upon brief

Adding Value

Agencies are hired to add value as a partner to the client. Thus,

Adding Value

- The agency has an obligation to have a point of view
- Be intimately involved with your client’s business
- Beat the client to the analysis of marketplace data
- Meld insights seamlessly with the client’s information sources
- Go one step further

the agency has a contractual obligation to bring a point of view to the table. It is the job of the agency to be intimately involved with the business of the client and to truly be marketplace experts. A smart agency makes the client come to them as the marketplace expert and bonds their insights seamlessly with the client’s data sources. Proactive agencies move even further forward in adding value by suggesting improvement and expansion of successful areas and offering recommendations on ways to shore up weaknesses. The goal is not just to keep the client happy but to move the business forward. Best agencies remember that the work is the most important thing and leave their self-interest at the door.

Trust and Collaboration

A best agency practice is to build mutual trust. While an agency would like to have their client respect their expertise, the agency must conversely be committed to respecting the expertise of their client. To build mutual trust an agency must be willing to collaborate with their client partners, and must not just minimally meet expectations but should always strive to exceed client expectations.

Trust and Collaboration

- Build mutual trust
- Respect client expertise
- Be willing to collaborate
- Exceed client expectations

Conclusions

1. Strong clients and agencies focus their best practices around working with people – this is a people business.

The client/agency relationship can be highly volatile and emotionally charged. As such, best clients remember to keep open communication with their agency partners and with each other. Success is defined at the beginning of the relationship/project and the good client will have the patience to wait and work towards success with their agency. Furthermore, both

the client and the agency must understand each other's culture and be prepared for interactions that may be influenced by the cultures. Smart clients check the pulse of the relationship often. Indifference on the part of the agency is costly and best clients realize that longevity is essential to adding value to the investment in the relationship.

2. Trust is the foundation of lucrative client/agency relationships.

Best clients and agencies strive to build trust with their partners. Elevated levels of trust at the end of the day will lead to better work and higher efficiency. Trust must be earned. It is important for the client and agency to see each other face to face as frequently as possible to build fondness for each other and commitment to each other as individuals separate from the work. The more collaborative and synergistic the relationship, the better the advertising will be.

3. To bring their best to the client/agency relationship both the client and the agency must be strong partners.

Great client partners maintain a philosophical alignment and speak with ONE voice. Both client and agency should manage with consistency and develop clear roles and checkpoints. Additionally, great client partners excel in clear communications and set transparent expectations that lead to effective processes stemming from an agreed-upon strategy. Strong agency partners should always strive to exceed expectations.

4. Both parties must innovate to remain effective partners and ensure long-term success.

The marketing services world is certainly changing quickly. Clients and agencies can't change the way they operate overnight, but they can certainly change and they do that together. Leadership, education and experimentation are all critical – all in the service of the true goal of solving clients' business problems.

Solutions and Recommendations

It is possible for clients to turn their agency relationships into a key strategic advertising competitive advantage. This can be done through a partnership-centered process:

1. Trust the agency's expertise.
2. Be open with data and information.
3. Maintain consistency with strategy and leadership.
4. Be transparent with expectations of the agency and clearly define success.
5. Evaluate the state of the client/agency relationship frequently and thoroughly with formal and informal performance review processes.

Mercer Island Group's View

Adopting best practices toward the goal of a partnership-minded and respectful client/agency relationship can ensure that, even with an ever-changing landscape, positive advertising results can be regularly achieved.

We excel at starting new relationships off on the right foot and helping to maintain (or heal) those that are longstanding. If you are interested in learning more about how our approach can help you in your efforts, please contact us.

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The Authors

Stephen Boehler, Partner – Steve’s experience includes key executive positions and consulting experiences with blue chip companies like Procter & Gamble, Microsoft, Sprint, Starbucks, McDonalds, Kraft, Dial, Dole and others.

Earlier in his career, he was the second youngest group product manager in the history of Procter & Gamble, and was the youngest division president Weyerhaeuser ever had. In his 10-year stint at P&G, he led marketing and turnaround efforts on businesses like Pringle’s, Jif and Duncan Hines in the food arena, and later was responsible for the \$1.5 billion Tide operation. On Tide he led a major turn-around, including development of Tide with Bleach.

Steve founded Mercer Island Group in 1990, and almost immediately developed a significant “agency management” practice. Throughout the course of his career he has had extensive experience in helping firms work more effectively with their agencies in areas like direct and interactive marketing, public relations, advertising, promotion and marketing strategy development related issues, and agency selection processes. He has personally managed hundreds of client-agency efforts on behalf of clients like Sprint, Toshiba, Starbucks, McCaw, Microsoft, Rand McNally, Tyco Integrated Security, Abbott Laboratories, Kaiser Permanente, Holland America, Cox and many others. He has also led agency consulting engagements with agencies like Digitas, Wieden & Kennedy, Starcom, Riney, Havas, Goodby Silverstein & Partners and many others.

Tanya Rhone, Senior Consultant – Tanya leads Two Roads Consulting, a firm dedicated to helping organizations do business with absolute clarity through extraordinary consulting services. A marketing and business consultant with over twenty years of marketing communications and business analysis experience, Tanya honed her skills in brand management while leading the marketing effort at Starbucks Coffee Company, The Clorox Company, Paragon Trade Brands and Weyerhaeuser. She led marketing planning for nationally known brands, new products and programs. Tanya successfully managed multimillion-dollar budgets, marketing staff, sales staff, consumer research, package design, advertising, public relations and promotion agencies. In 1993, Advertising Age magazine recognized Tanya with the “100 Outstanding Marketers of the Year” award. Tanya holds a Bachelor’s degree in psychology from the University of Oregon and a Master’s degree in business from the University of Southern California.

Katie (Stier) Johnson, Associate Consultant – Today, Katie is Major Gifts and Planned Giving Manager at Pacific Northwest Ballet. Katie learned the communications craft at Rogers & Cowan and developed consulting experience at the Rikess Group. Prior to joining our practice, Katie was Associate Director of the USC Marshall School of Business. While she was at Mercer Island Group, Katie played key roles on projects supporting Time Warner, Sprint, Starbucks, and Microsoft. Katie graduated cum laude from the University of Southern California with a Master of Science and a Bachelor of Arts.

About Mercer Island Group

Our vision is to help organizations succeed beyond their wildest dreams by engaging deeply and personally in what matters most.

Mercer Island Group helps executives succeed and companies build business. Our approach combines strategic discipline, creative brilliance and tactical excellence with experienced executives to quickly deliver outstanding business results. We serve a broad range of B2C and B2B clients, including packaged goods, financial services, telecommunications, software, hardware, and marketing service agencies.

We are a consortium of in-house and independent consultants that come together as needed to provide clients with the exact talent and experience necessary to get the job done. Because of this approach, we are not over-head driven and you only work with experts. In addition, all senior consultants associated with Mercer Island Group have had significant line experience in the corporate world, and therefore can truly understand a client's needs. We are not "career consultants", but have been there, in your shoes, faced with your issues.

We have three key practice areas:

1. Business strategy, including marketing, new products, competitive assessment & research
2. Agency management including relationship enhancement, selection, evaluation and performance reviews
3. Organization design, management & training strategies

Within our agency management practice, *our Agency Relationship experience is extensive.*

Client Experience

We have consulted to a wide range of blue chip clients:

Microsoft	Toshiba	Abbott Laboratories
AT&T	Sprint	Rand McNally
Starbucks	Time Warner	Cox
HP	Kaiser Permanente	Money Mailer
U.S. Cellular	CenturyLink	Adobe
InfoSpace	AllRecipes.com	Bushnell
Kraft	Dial	Dole

We have also consulted to some of the most prominent agencies in the world, including:

Waggener Edstrom	Weber Shandwick	Mindshare
Fleishman Hillard	Hill Holiday	Digitas
GLG	Ruder Finn	Publicis & Hal Riney
Havas	Mullen	Starcom