

CONSULTANTS RISING

- » **How Agency Management & Search Consultants Are Helping Marketers Navigate Today's Global Decisions**
- » **Plus Consultants' Views of Where the Industry is Headed**

A few months ago, just 33 Agency Management and Search Consultants from around the world gathered in New York for the 9th Annual AdForum CEO Summit. The participating consultants represented more than 350 agency searches over the past year or the equivalent of \$5 billion in billings from marketers around the globe looking to find agencies with the right chemistry for their needs.

The Consultants spent a full week meeting with top executives from two dozen ad agencies—from global networks to creative boutiques to specialist shops for digital strategy or media solutions. Each Agency CEO presented views of a changing marketplace and how their shop was responding with better client solutions. Designed to highlight the expanded roles agencies now play for marketers, the CEO Summit offered a dizzying array of ideas and new thinking.

“Using a search consultant may not be perfect but it is the most accurate and documented way to select an agency. On top of having a strong experience of the business, I cannot see any other third party that spends its days learning about agencies.

Procurement brings a unique expertise in negotiating the value, but great Advertising is about cultural fit and the right expertise.

The winning card is when Procurement and Search Consultants cooperate.”

Herve DeClerck, Founder — AdForum



While all agencies take new business very seriously, the week also underscored the importance of communicating new strategies to an elite consultant community.

As a result, **The Internationalist** saw this as a perfect time to explore the expanded role that Agency Management and Search Consultants now play in influencing how global marketers best allocate their budgets across an expanding mosaic of agency services.

Despite some of the issues that arise from the involvement of procurement departments, an increasing number of clients are finding that their best insurance in making the right agency decisions in today's complex and specialized world is working with consultants who help them navigate choices, trends and best practices.

We surveyed twenty leading, internationally-conversant agency consultants based in the US, the UK, France, Spain, Australia and China who represent work in nearly 100 countries. With five open-ended questions, our goal was to gauge their views on where our industry is headed and why their services are now critical to marketing's top management. Those questioned included:

1. Are Agency Management and Search Consultants Entering Their Prime Now?
2. How have the responsibilities of CMOs changed so that consultants are becoming a more important answer to their needs?
3. Where do you see the Marketing & Advertising Industry Going?
4. How do you see the role of the agency consultant evolving globally over the next 3-5 years?
5. As a corporation's procurement department increases its involvement in advertising is there potential for understanding, cooperation and respect for the value a consultant offers?

The majority of the consultants surveyed are not only involved in Agency Reviews, but also Agency Relationship Management, Global Agency Management, Compensation and Contracts and Mergers & Acquisitions.

Although not all of those surveyed attended the CEO Summit, AdForum's leader, Herve DeClerck, may in the best position to offer a perspective on the business of agency consultants. After all, his company has played in role in connecting consultants with agencies for nearly a decade. AdForum is a tool used by Consultants and Advertisers to research agencies in the initial part of the search process.

FEEDBACK ON SEARCH CONSULTANTS

There are no bodies to regulate the performance or behavior of Agency Management and Search Consultants, and there is little research on their effectiveness. Nonetheless, both the ANA (Association of National Advertisers) and the AAAA (American Association of Advertising Agencies) in the US offer "Rules of the Road" for Agency Consultants. Those details can be found here: http://www2.aaaa.org/pubs/position/Pages/120600_rules.aspx

The AAAA also provides a 2009 study on its website by Mirren Business Development (a New Business Training & Recruiting Specialist). Mirren asked 108 ad agencies to evaluate Search Consultants in an online survey in order to provide feedback and dialogue between agencies and consultants.

The study's introduction spells out the details:

- » "Agency Search Consultants play an important role in the world of new business. Part of their goal is to bring order to the process of selecting the best agency to accomplish the objectives at hand.
- » However, as their influence impacts billions of dollars in new business every year, it also impacts a tremendous amount of agency resources. As agencies attempt to capture some of this shifting business, they invest their hard-earned time, money and morale.
- » As an agency, you know this. You've invested resources staying top of mind, completing their database profiles, responding to RFIs, making capabilities presentations and ultimately making final pitch presentations. Each step of the way, you've experienced intense scrutiny and evaluation.
- » Well, now it's time for you to evaluate the Search Consultants."

Key Trends

Here are some of the key trends that agencies noted as it relates to Search Consultants and new business:

- » There are more client-run reviews (less Search Consultants), particularly with procurement becoming more involved.
- » There is more review process, and within shorter timelines: "less respect for agency resources."
- » There is a growing lack of client boundaries: clients asking for more throughout the pitch process and then ultimately asking for more work for a smaller fee.
- » By making everything so process-oriented, Search Consultants are contributing to agency commoditization.
- » More agencies feel obligated to pay for Search Consultant services.
- » There are more cattle calls: too many agencies invited to each review.

Are Agency Management and Search Consultants Entering Their Prime Now?

“One major reason [that consultants are on the rise] is that the agency landscape is becoming a lot more complicated — with the growth of micro-networks, the emergence of digital and social media specialists, and the unbundling of so many core agency services, it's quite a challenge for any marketer to keep up to date.

A second major reason is that the competitive global economy is forcing everyone to try and get more done with smaller staffs. Consultants offer not only expertise on the agency marketplace, but also an “outsource” benefit to managing the various activities and logistics of an agency search for the client.”



Dave Beals, R3:JLB — Chicago

Although a number of agency consultants have been around since the 1970's, several major trends are occurring that underscore how management and search consultants are now playing a larger role in a more global, yet communication-fractured world.

- » Marketing is becoming more complex.
- » Marketing teams are leaner at a time when they are charged with more responsibilities. As a result, there is a greater need to outsource.
- » The year-round offerings of major consultants are growing in sophistication.

Joanne Davis of **Joanne Davis Consulting** in New York and part of **SCAN International** acknowledges that “Many clients know that everyone can't be expert in everything. Clients are experts in marketing; procurement executives are experts in procurement. Agency consultants are experts in agencies. We speak agencies as a first language, and clients look to us as SMEs (Subject Matter Experts) for our fluency in agencies.”

She adds that “Client-side companies are trying to do more with less don't have the time to be current on all the changes happening with agencies, especially on a global basis. There are new agencies and new offerings every day, and consultants spend time learning and meeting with hundreds of new agencies of all different types each year.”

Darren Woolley of **Trinity P3** in Australia suggests that “Just as the marketing landscape has become increasingly complex, the requirements of service providers are also becoming increasingly complex. Consultants have become more important in offering a market view of solutions to this complexity.”

“After all,” says Woolley, “most consultants will work across multiple categories and across multiple brands in each category. They gather a view of what is working, as well as what is not working from a local, regional and global perspective. This is a valuable insight as many marketers will often only have experience within their category or within their company without the wider outlook a consultant provides.”

Ann Billock of **Ark Advisors** in New York sees the roles of consultants as “iterative.” She explains: “We keep learning and getting better. Certainly the volume of searches is continuing to grow, but there are many other areas where we offer

“Clients are realizing there is more value in strengthening existing provider relationships, than in continually changing Agencies. Changing Agencies is disruptive to business, and ultimately the new Agency starts with far less resident knowledge of the Client's business than the existing Agency.

Clients are now finding that there is more to be gained by opening the lines of communication and removing barriers to excellence in the existing relationship than by jumping straight to a review. Consultants play a vital third-party role in helping the parties discover, influence, align, and monitor the behaviors, expectations, performance and activities that allow service providers to maximize their value to their clients.

Additionally, many of the best consultants have run Agencies, and are a valuable advisory resource on matters relating to operational excellence.”

Jeff Estok, *Navigare Pty. Ltd.*



help by genuinely fulfilling the role of advisors.” Her colleague, **Ken Robinson**, also of **Ark Advisors** in New York, adds: “We are become more valuable partners, especially at a time when many marketers have lost part of their team to the recession. Few can afford to manage a process like an agency review that's both time consuming and involves great intellectual capital, particularly in our current environment with higher standards of due diligence.”

Florence Garnier of **Marketing Efficiency** in France believes the consultants are increasingly sought because “a new generation of consultants is now operating with a better knowledge of new technologies and market complexities.” She also recognizes that two polar trends have led to a greater reliance on consultants. The effect of more communications channels and more specialist agencies is exacerbated by slimmer marketing teams under greater budget pressure. This creates opportunities for experts.

David Wethey of London-based **Agency Assessments** notes he started in 1988 with the first consulting model based entirely on funding by the clients who commissioned the pitches, rather than relying on agency registration fees or success fees. Wethey feels that consultants play no different a role today than they have done in past decades. He reminds us that **Al Achenbaum** of **Kantor Achenbaum** invented the client-side consultancy in New York around 1973 and **Lyndy Payne** launched **AAR** in London around 1978.

Stuart Pocock of **The Observatory** in London is another veteran of the agency consulting business and agrees with David Wethey's viewpoint. “There are a number of very established consultants around who have been doing this for over 20 years. I think there has been a sudden growth of consultants in developed markets (which has perhaps created a sense of greater visibility) formed by either people leaving existing consultancies to start their own, or by ex-agency staffers of a certain age who see this as a business opportunity. Not all are equipped to deliver A+ service.”

Yet, Stuart Pocock notes, “We've found with our APAC, Africa and Eastern Europe offices that there is a genuine need in these markets and a real desire by clients to learn best practice and adopt it accordingly.”

“Digitalization is not only an issue for agencies but also for marketers. As consultants, we have the knowledge, experience and vision to help marketers face this evolution. Today we are working with clients to reorganize structures, roles and work flows internally and with their communication partners. Our goal is to better optimize their relationship, while improving such key indicators as ROI and digital brand positioning.”



Verónica (Kika) Samblás, *Grupo Consultores — Spain*

How have the responsibilities of CMOs changed so that consultants are becoming a more important answer to their needs?

“Marketers are charged with building brands NOW — not over time — in an environment that stresses increased sales TODAY. Working in “real time” with accelerated decision-making and instant data feedback demands that a smart marketer execute and evaluate simultaneously in a world that demands immediate responses.”



Dick Roth, *Roth Associates* — New York

Not all companies have CMOs anymore; instead we're seeing several Marketing VPs that may report into a committee or to separate division heads. Often bigger companies become siloed to the point that one brand group may not know what another is doing. Although there has been talk that the Superstar CMO may be going away, there is tremendous efficiency in an empowered marketing leader. Yet, becoming the glue between the silos has increasingly become an opportunity for consultants. Although companies now recognize the inefficiencies of silos, consultants can also provide a broader view to help marketers find answers that they may not so easily see.

Ken Robinson, *Ark Advisors* — New York



The increased responsibilities of 21st century marketing leaders are not only exceedingly complex, but carry far greater levels of accountability than ever before in an era of data digitization. Plus, today, they face a convergence of agency deliverables. For example, is the social media strategy executed by the PR agency, the digital agency, the media agency or the creative agency? It is difficult to manage and integrate all the specialists.

A CMO must be the company's visionary and its expert on trends, while demonstrating adeptness at both internal and external communications. Add a global overlay of regulations, carbon footprints, CSR, cultures, languages, political environments and all manner of differing perspectives... and you've described one of the world's most challenging occupations-- played on a very public stage fraught with immediate customer reaction that directly affects a brand's potential for success.

Dick Roth of *Roth Associates* in New York raises an important issue: “It's hard to measure the impact of a CMO.” He outlines that it's relatively easy to gauge the effectiveness of a CEO or CFO; “Just ask, ‘Are earnings up?’ What question do you pose for a CMO? Are brand metrics improving? What is the net influence of their work in the financially-driven corporation?”

Jeff Estok of *Navigare* in Australia believes that “Three of the biggest challenges facing CMOs are issues of ROI; Transparency; and Governance.”

He explains: “Client organizations and CFOs, in particular, are pressuring CMOs to deliver greater ROI. CMOs are focusing on all areas of marketing spend, including agency remuneration. Agency fees can account for up to 20% of a client's total spend with an agency, yet all too frequently are not measured to the same degree as, say, their media spend. Clients are increasingly using Partner Engagement Programs to derive better ROI and ROE (Return On Effort) from their service providers.

Agencies, too, are putting pressure on CMOs in terms of transparency and governance. Even with self-managed pitches, the trend is toward retaining consultants that offer software-enabled ‘scrutinizing’ services to ensure that the pitch process is fair and objective, and avoids any potential for damage to the client's reputation.

Similarly, with existing relationships, agencies are demanding less subjectivity, and greater transparency, in relation to the achievement of their PBR metrics. Consultants play a valuable role here as well, in terms of transparency and governance.”

Darren Woolley of *Trinity P3* in Australia finds that “CMOs are increasingly focused on the delivery of a measurably effective and coordinated marketing plan across multiple disparate markets. With this increasing focus on ROI the role of consultants is

“Thirty years ago Harvard professor Ted Levitt wrote about ‘globalization.’ It turned out that he was wrong. The world adapted instead to ‘Americanization.’ CMOs could create a product or a campaign in the US and know that it would take off globally, because the US economy and culture were so dominant. Not any longer - the rise of the BRICs, and now the N11, means that CMOs face a more complex, fragmented world. Add to that technology and the speed in which it mutates, and it is clear that CMOs now face a perfect storm. Search consultants are their reliable go-between, helping them identify the resources that help them maintain their competitiveness in the current economic environment.”

Avi Dan, *AviDan Strategies* — New York



becoming more important in providing advice and expertise in managing and measuring the effectiveness and efficiency of the performance of their marketing service providers.”

This is best illustrated by an example. Darren Woolley explains, “I was recently discussing the service provider portfolio with a CMO in Asia who initially felt he had 3 agencies on his roster-- immediately thinking of his regionally-aligned media and two creative agencies. Within a few minutes of discussion we had mapped that he engaged 12 companies across digital services, retail, PR and the like-- and that was just in China alone. Across the region he had more than 50 agencies working on one brand.

How does this happen? It is because service providers are often added on a needs or ad-hoc basis and not in response to a strategic plan. Many marketers will align their media agencies for the buying power and alignment, and then have a web of content providers-- becoming bogged down in trying to manage and align them.

This is where consultants offer maximum value due to their independence, their expansive view of the marketplace and their deep understanding of the marketing--agency process and potential.”

Stuart Pocock of *The Observatory* in London puts a marketer's division of work-time into perspective: “Agencies fail to understand that most senior Marketers dedicate less than 10% of their time on Agency Matters, and most will be dealing with multiple Marcomms suppliers-- so many will not get that much attention! Agencies always believe that the client fraternity has an outstanding understanding of the Agency landscape. In truth, very few do. They have a day job, and are less than inclined to focus on what the Agency world is up to. That's why they need consultants to guide them through the Agency jungle.”



David Wethey, *Agency Assessments* — London

“The major change over the 22 years we have been trading is the influence of procurement. This has forced CMOs to be more cost and process-driven. This development cuts both ways with consultants. We now have more assignments for remuneration consultancy and are involved in a more complicated pitch process. Yet procurement developments also encourage more clients to figure out answers for themselves.

CMOs have also become far busier, more stressed and pulled in many directions. This indirectly creates opportunities for consultants. On the other hand, a CMO under stress may feel inhibited about using a consultant for a task that colleagues or bosses may feel he or she could do themselves.”

The CMO is accountable to the CEO and the Board — as the miracle worker — to deliver on building brand preference and revenues. Yet CMOs often need help in agency roster management, especially in a multi-agency model or dream team of best-in-class agencies. They have limited time to make miracles, so they look to expert consultants to help source and build the team.

As we bring perspective from many other clients to the table, CMOs look to us for the outside view. Much of our work is in roster management and roles/responsibilities and fee allocation for the coalition of agency specialists. We help by having lived through the creation of building models for a wide variety of companies that can enable any client to move faster and effectively.”



Joanne Davis, *Joanne Davis Consulting* — New York

Where do you see the Marketing & Advertising Industry Going?

The industry has been in a state of flux over the last few years primarily because of the massive acceleration of channels both non-terrestrial and digital. The situation has been exacerbated by neither Agencies nor Clients getting their heads around this.

However in established markets (The EU and North America) we've seen a pretty significant end to the digital honeymoon as Clients have eventually realized that it's simply another (albeit crucial) channel. Tighter budgets, less internal resource and greater pressures to deliver has meant that a significant number of Clients are moving away from 'specialist' to Agencies that can deliver across the board, have shorter lines of communication and provide rapid solutions. We'll see more of this trend. It will also have an effect on the BRIC markets, where digital is such a focus at the moment, with Global Marketers imposing this model on their agency supply chain.

The answers to this question may be among the most interesting in the series, especially when one views consultants as key to understanding marketer needs and agency deliverables. In doing so, they also recognize the importance of organizational structure.

A majority of consultants discussed issues of agency re-bundling as a critical area of concern; not all thought that we'll see an exact return to past agency structure, but certainly better collaboration among specialist areas is crucial. Others talked about the effects of today's digital world on agencies — not only in terms of metrics and the potential of technology, but in terms of creativity.

"The great debate continues on whether media and creative will be re-coupled," says **Joanne Davis**. "Many clients wish media and creative were never de-coupled as you need every touch point in sync. On the other hand, de-coupling resulted in far greater media creativity and leadership than before. Media agency leaders regularly tell us 'we're the new creative agencies.'"

ArkAdvisors' Ann Billock agrees. She has noticed that media agencies can be quite creative when they pitch on their own "When we have joint reviews with both creative and media agencies, we notice that the creativity of the media agency can be stifled. The creative agency still believes it owns the creative idea." Ann predicts that creative and media will stay separate, although general agencies will do more to be better integrated. **Ken Robinson** of **ArkAdvisors** says that he sees more independent start-ups. "Highly sought-after creatives are going out on their own again. This is a sign that that the industry is doing better and it can support more independent shops."

"There is no doubt that there is a blurring of the lines, as well as a move 'forward to the past,'" says **Jeff Estok** of Australia's **Navigare**. "After almost a decade of focus on 'channel'—the separation of media from creative; an emphasis on channel planning; and the proliferation of specialist business units; many Agencies have come full circle, and offer a one-stop, through the line solution."

He continues, "At the recent B&T Agency of the Year Awards here in Australia, 'traditional' Agencies were finalists in the specialist categories of DM Agency, Promotional Agency, and Experiential Agency of the Year; and won for Interactive Agency, and Best Digital Campaign."

This blurring of the lines increases the complexity of Agency portfolio management for the CMO, and demands that Clients and Agencies embrace a culture of collaboration."

Estok sees another major trend emerging from this new collaborative spirit. "Clients want to leverage the intellectual capital residing within their Agency roster, and tap into

Stuart Pocock, *The Observatory* — London

"We are increasingly facing a fragmented world where brands and marketers will need to embrace customized mass marketing. Technology is not only driving this, it is also making it achievable. Data is becoming increasingly important in informing marketers' understanding of the customer—allowing them to customize marketing communications to build deeper customer relationships on a mass-market scale.

This requires a different approach to market, requiring an understanding of the customer's path to purchase and relationship development. It will require a coordinated and aligned approach to the customer at each step of the purchase process and beyond. This means moving beyond acquisition to metrics such as share-of-wallet, total customer value and lifetime value.

CEOs who talk about being customer centric will need to become customer centric. This will be led by the marketers who have the strategic ability to align the organization to the customer and manage customer relationships from acquisition through to retention and loyalty.

Darren Woolley, *Trinity P3* — Australia



it for the greater good of their business. Collaboration requires Agencies to focus more on the sharing of inputs, and often times collectively co-creating outputs—a significant organizational, cultural, and behavioral change for the industry. This concept is foreign to Agencies, as they see each other as competitors. But as Clients demand more collaborative behavior, Agencies are going to have to learn how to play nicely with each other."

Partners **Greg Paull** and **Dave Beals** of **R3:JLB** agree that "There's going to be more and more demand on accountability, particularly as the digital environment offers more metrics than ever before. Contrary to this, there's also going to be additional pressure on creativity— as consumers become more time poor and bombarded with messages. So the lookout will always be on agencies that balance and deliver both."

Agency Assessments' **David Wethey** offers a broad outlook: "Fragmentation is the name of the game. Specialist agencies of all types spring up all the time. And there will be more. That's not to say that established players won't be offering integration and one-stop shopping across all frontiers."

He adds that he finds digital really interesting. "The Digital Agency, I think, will be a tautology [an unnecessary repetition] within a few short years. It's going to be tough for these agencies, unless they are really good or differentiated. The real test is going to be the durability — or otherwise — of the holding group model. Provided they carry on growing and showing good profits, there will be endless opportunities for independents to cash in their chips."

Joanne Davis also believes this to be true. "We will see new start up specialists for new digital applications and when they reach a critical mass, the holding companies will buy them or build them." On another note, she adds, "We expect to see production de-coupling so lower value work can be more economically managed in lower cost markets with educated, tech savvy talent like India, Moriches, Costa Rica, etc., especially for multi-nationals with needs for translations/transcreation."

Avi Dan offers his perspective on one of the most sweeping issues ahead. "There's a lot of talk about 'ideas' or 'digital vs. traditional' and 'ROI,' but I think that the biggest problem for agencies, especially the big, holding company ones, is financial. Accelerated pressures will reshape the agency landscape."

"During the recession," he points out, "the 100 top advertisers maintained their margin, while their agencies lost 2 points to 10.5%. (Note: Ten years ago, agencies posted margins of 16-17%.) Performance-based compensation, already implemented by the likes of Procter & Gamble and Coca-Cola, will further erode agency profitability. This will have dire implications for the kind of talent agency hire and how much they can invest in training. It will also have implications for the number of offices around the world an agency maintains. Especially with today's technology, more would move to a hub structure, driving savings by abandoning unnecessary real estate."

"We're seeing two very strong polar trends. On the one hand, clients are seeking consolidation in the media area. Yet there are more assignments to find greater specialization in the online and technology sectors. Today's offerings are so varied. For example, clients need specialists in gaming, mobile, or search engine marketing. Until big agencies provide depth in all these areas, we'll keep seeing requests for emerging sectors."



Ann Billock, *ArkAdvisors* — New York

"Holding companies will still be appointed by global clients to be the backbone of their communication strategy, but the client will be better informed and more demanding about their remuneration in order to be able to afford specialists in specific areas — mobile, new technologies, social networks."



Florence Garnier, *Marketing Efficiency* — France

How do you see the role of the agency consultant evolving globally over the next 3-5 years?

Agency Management and Search Consultants agree on two main issues as they look to the future:

1. They must become increasingly global in their perspectives and their offerings
2. There are significant advisory needs to be filled beyond agency reviews and searches.

The global theme was specifically mentioned by several consultants. When referring to the near future, **Dave Beals** said, “We will have more stakeholders within companies to work with – from procurement to finance and digital teams. And increasingly, we will need to be more global. That’s why we merged with R3 this year to create R3:JLB, and we’re both now investing together in a global consulting solution.”

Marketing Efficiency’s Florence Garnier notes that today’s clients seek greater cooperation as they recognize how they need the global vision supported by the holding companies as well as skilled local agencies conversant in new technologies.

Stuart Pocock, whose London company, **The Observatory**, is part of Roth Observatory International, raises an interesting issue. “The problem is there are few truly Global Consultants. There are those who will take on Global assignments, but who do not have the true insight into ‘local markets’-- and that can be to the Marketers detriment in the long term. Some consultants purport to have multi-country links, but these are all very loose and generally a collection of people doing their own thing in market and doing it differently.

We set up our global network so you get the same product, quality of insight and proprietary metrics regardless of which of our offices you’re dealing with. Unless Consultants are prepared to invest heavily in developing a true Global offering with all that entails, the Global consultant offering will not materialize.”

When looking ahead to the next several years, **Joanne Davis** emphasized: “We will continue to provide SME (Subject Matter Expertise) given the growing choice and complexity within the agency universe.” However, she also believes that if consultants do not have a global network, they will have to create one. She admits that her own network, **SCAN International**, will add more country-partner consultants in growing marketing.

Yet, she also adds that some of her proudest consulting work has been saving client-agency relationships. “We’ll see more consulting firms embrace a model of specialized consulting rather than just offering agency reviews.”

Avi Dan says it in a slightly different way. “With CMOs becoming more concerned with the complexity of managing their global advertising assets, consultants will be asked to go beyond search and devise an architecture for collaboration. Specifically, CMOs will look at consultants to go beyond subject matter involvement in their business, to an on-going broad leadership role with the agencies, ensuring collaboration.”

Both **Jeff Estok** and **Cam Carter** of **Navigare** would agree. “Our business has seen tremendous growth in strategic advisory services, and we anticipate this growth will continue. Our relationships have evolved from quarterly and half-yearly Engagement assessment and reporting to retained consulting projects— Engagement planning and monitoring; SOW build; collaborating with Procurement and Marketing on retainers and PBR; and being engaged by Agencies to mediate where significant barriers to excellence threaten a relationship.

As Clients opt for longer Agency relationships, and fewer reviews, strategic advisory will no doubt continue to be a growth segment for consultants.”

Trinity P3’s Darren Woolley elaborates by presenting a broader viewpoint: “Many consultants have fulfilled a largely tactical role, fulfilling the immediate needs of their marketing clients: a creative agency here, a media agency there. It is largely a needs-fulfillment process with the consultant value based on their market knowledge allowing them to quickly fulfill these tactical needs.

In the next 3-5 years this role will become increasingly more strategic, providing marketers with advice on the 3 Ps — purpose, people and process.”

Woolley defines this as:

- » Identifying the requirements of the marketing team to deliver their purpose in the short-to-long term.
- » Assisting in selecting and developing the people capabilities internally and externally.
- » Creating structures and process to deliver the marketing purpose as effectively and efficiently as possible.

By way of example, he says, “Currently we are working with a FMCG company, who through mergers and acquisition have found themselves with almost ten creative agencies and innumerable other content service providers including sales promotion, research, public relations, sponsorship, digital of various types, graphic design agencies, print management, media, and POP. This represents almost 100 suppliers in total.

Largely this is because across a multitude of brands, supplier selection and management beyond the creative and media agency has been on an ad-hoc basis. We are working with marketing and procurement to define the 3-year needs of the marketing team and then build a strategic supplier alignment plan to achieve their needs.

This requires a more sophisticated approach than simply selecting the ‘right’ agency and involves looking at structures, supplier contracts, compensation / remuneration, process optimization and relationship management designed to deliver the strategic needs of the marketers to maximize their outputs and results, while minimizing wastage, duplication and administration: Increased effectiveness and efficiency.

Simply knowing and understanding the business will no longer cut it. Consulting in this category will be driven by strategic innovation.”

This has been a year of huge change in our industry; digital has come of age and is becoming integrated into Marketing departments and budgets, thus driving greater integration from the agencies. All agency disciplines are reaping the rewards from their investment in digital talent and expertise.

The digital winners are those specialists that have the size and scale to run innovation through the industry, or have come of age by specializing in social media, mobile or customer experience. Data is increasingly becoming King.

2011 will see the rise of the big integrated umbrella brand idea (thinking and strategy is at a real premium). Face book and Google will continue to grow and Video will be the new buzz word.

International brands need to still master the local, global brand dilemma. Proper 360 agency evaluation will be the only real way to stimulate change and drive new ways of working through international organizations. A must if they are going to make the most of the fast changing Marketing stage.



Suki Thomson, *The Oystercatchers* — London

As a corporation's procurement department increases its involvement in advertising is there potential for understanding the value a consultant offers?

“We are now moving into ‘Procurement 2.0’.

Procurement ‘1.0’ was all about costs, and there is no doubt that Procurement was effective at cutting the costs out of their relationships with their marketing services providers. But many Companies are now finding that this produced false economies. As costs came out of the business, so did the quantum and quality of Provider staff working on that business. Procurement 1.0 helped define that destiny.

Procurement 2.0 is about value. The enlightened Procurement Professional is seeking input from their various constituents on issues such as Provider capacity and capability, and then re-engineering agreements to ensure that their organization's needs are being met. Procurement 2.0 is also about collaborating, rather than dictating, particularly on risk/reward schemes with their Providers.

Consultants provide invaluable ‘whole-of-market’ knowledge on a range of issues relating to service levels, remuneration, and PBR; whereas Procurement's view is typically more micro, and restricted to their current stable of Agencies.”

Cam Carter, *Navigare Australia*



There's no question that a company's procurement department will become more involved in all aspects of the marketing and advertising process. Most consultants admit that they can derive benefits from working with procurement professionals who are open to understanding more about the role marketing plays within the corporation. Yet, consultants are also aware that strong procurement departments may feel there is no need for outside experts. There is certainly a need for evolution...

Avi Dan puts the role of procurement into perspective with a view that spans the past decade. “Marketing procurement,” he says, “initially focused on putting pressure on agency fees.” He continues: “As they started to understand the agency business better, procurement departments shifted their attention to develop efficiencies in more significant areas: media investment, agency operations, production and research. These areas yield higher savings than simply cutting the agency's fees.

Understanding the agency better means that Procurement will continue to increase its respect of the consultant's role. Marketing procurement people have come a long way in the last 10 years. But they are still outsiders when it comes to agencies. Procurement is not a replacement during a search; it is a complimentary, especially during compensation and contract negotiation.”

R3's Greg Paull concurs. “Where they understand marketing, procurement have been great partners for us in our work. Our core roles, as always, will be to provide agency expertise and insight and to provide industry-relevant benchmarks beyond an individual company. Where procurement does not fully understand marketing, we can provide a valuable “educational” role and in helping bridge the gap between a client's marketing and procurement groups, leveraging the respective strengths of each part of the client organization.”

David Wethey of London-based **Agency Assessments** states the procurement dilemma clearly. “Some marketing procurement people seem determined to discourage marketers from using us. Others understand, and some of our most interesting consultancy assignments are procurement-driven.”

Trinity P3's Darren Woolley takes this a step further. “Procurement professionals have much to add to the process and to due diligence, but unless they are specialists in the marketing category, they should use consultants to add to their knowledge and develop understanding of the nuances of marketing. Even those who are marketing procurement specialists can benefit from working with consultants who often have a broader view of the marketplace and a more intimate understanding of the options provided.

On the flip side, consultants need to understand the role of procurement and the benefits and disciplines they bring to the mix. Situated within the client organization and often with direct reporting to the CFO and CEO, procurement can be a great ally to marketing and the consultant.”

Joanne Davis offers an interesting perspective. “We're seeing an increase in the level of talent in procurement departments. One head of indirect procurement at a major multinational told us she is only hiring procurement executives with marketing skills to join her team.” She predicts, “The less-than-optimal procurement executives will work to become more proficient. They'll learn the from the best procurement executives on how to become a student of advertising or otherwise lose on being invited to the party.”

Her advice? “If we tell procurement clients that consultants aren't offering a commodity service, and enough consultants refuse to work on a commodity basis (just as agencies have done), then procurement will understand and better respect the value that professional consultants provide.”

Ark Advisors' Ann Billock echoes this idea. “Most procurement people don't come from marketing, so the more they learn, the better for everyone. As they become increasingly involved, they must be open to the ideas and nuances of our fast-changing industry.”

Paris-based Florence Garnier believes that consultants are helpful to procurement people for two main reasons. “The first is that procurement teams are often very small and lack the time to perform a complete and meaningful analysis. In contrast, the scope of a consultant's knowledge is vast. The second reason is that few procurement people are conversant in today's technical areas: new technologies, production, new communications strategies for social networks, etc. Again, consultants can provide timely, meaningful advice.”

Stuart Pocock of **The Observatory** in London offers a practical and forthright view of today's procurement

issues as it relates to agency reviews. “Procurement departments are generally less than keen to involve Consultants — largely because a) they think that it's their job to do the work and b) they don't have departmental line budgets to pay for them. Some Procurement professionals do have a good understanding and insight into the marketplace, and in these instances they probably don't need Consultants. But even good Procurement individuals are constrained by the fact that they are operating within one sector, and with one set of agencies and data. Tapping into good (global) consultancy offers them insight into best practice, experience and proprietary data across sectors and territories.

The vast majority of procurement executives don't have the insight on Agencies that (good) consultants do, and will often bring price to the fore. In these instances, it's likely that they'll get a solution — but, in time, it will turn out not to be a good one. Procurement are also (rightly) suspicious of Consultants who take money from Agencies for registration fees or win fees, whilst also having the Client paying for them to run pitches. Certainly this can be seen to affect the Consultants impartiality - and is a no go area when it comes to Agency fee negotiation (for very obvious reasons). Fee negotiations are notoriously complicated events. Marketers want the best work, quickly. Procurement wants the best deal. The agency wants to be fairly paid for their work. And each comes with often deep-rooted preconceptions about the agenda of the other two. Great procurement people recognize that the right Consultant can really add to the process, well beyond their sheer costs — and in these instances build a good degree of trust and reliance on their input.”

“The Procurement Role and involvement is increasing and their relevance in optimizing marketing and communication budgets is key for companies. The consultants speak the same language as procurement people as we have the data, benchmarks and metrics to help optimize costs and rationalize negotiations and we are a good link between marketing teams and procurements teams in companies.”



Cesar Vacchiano, *Grupo Consultores — Latin America*

So what's next for agency consultants in an increasingly global industry?

Cathy Cohan, *Executive Vice President of Roth Associates*



Cathy Cohan, Executive Vice President of Roth Associates, recognizes that in moving forward globally, there may be more questions to consider than current answers.

“Of course, consultants minimize the day-to-day disruption that any search generates while bringing expertise and objectivity. However, marketers, especially global ones, need to better understand the value of search consultants and assess whether they can benefit from such help. Unfortunately, a good number of marketers misunderstand the role of agency consultants or are simply unaware of what they can offer.

And there are marketers who want to use consultants, but procurement departments can veto the decision. It's our job to the raise of the value of what we do—not only in the eyes of procurement, but in the eyes of marketers, agencies and all others associated with the industry.

I'd suggest, particularly in global searches, that a client asks the following of their consulting team:

- » What do see as the largest benefits you bring to a multinational marketer who's embarking on a global search?
- » What are your areas of specialization and core competencies?
- » Which of your current/past assignments are global?
- » At what point would you advise a client to use a search consultant? At what size?
- » Where are management and search consultancies going in our fast-changing digital, global world?
- » Which is your growth area — search or other consulting disciplines?"

“More than ever before, they [marketers] need to demonstrate marketing accountability, risk management and best practice, and with a smaller staff than their predecessors would have had available ten or twenty years ago — and that's something a good consultant can bring to the party.”

Greg Paull, *R3 — China*



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