AAR PULSE

FOR AGENCIES 2019

The Experts in
Client:Agency
Relationships

aargroup.co.uk

The AAR team led an impeccable pitch process with a superb outcome for MoneySuperMarket. As we seek to reinvent the price comparison category, we had the right level of support all the way, from a clear set of governing principles, to coaching and consultancy, to hands on project management and the app that helped us make our briefings, immersions & pitch presentations without a glitch.

When there were inevitable challenges, AAR stewarded with candid and practical advice and kept a watchful eye on engaging stakeholders throughout the business at the right time. They kept the day to day team up to speed on all aspects of the pitch programme and handled themselves and us with real grace, purpose and ease. Thank you AAR. You've done us proud.

MONEYSUPERMARKET

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Foreword

The woes of Brexit – whether you are a Leaver or a Remainer, the word 'woe' seems universally appropriate – continue to fan the flames of uncertainty, creating difficulties in planning effectively for success over the next two to three years for both brand owners and the agency community.

Dismay at some of their heritage tasks being brought back to the centre by their clients, as nervous about this 'taking back of control' as Remainers are of the loss of the UK's position in the EU club.

Concurrently, many brands are in the throes of being disrupted by smaller, nimbler challenger brands or are transforming their businesses at a macro level from a digital technology perspective, and most are wrestling with how to improve their customers' experience and the performance marketing of their brands in the face of corporate directives to improve efficiencies and cut costs.

It is no wonder that marketers are seeking greater efficiency of output from their external agency partners – the holy trinity of faster, better, cheaper – and if they don't find it, they will look at alternative strategies such as in-sourcing or in-housing to effectively join up the dots of their marketing communications and data.

This is all wrapped up in a desire for simplification of their current agency models. Erasing duplication and improving integration, agility and transparency are all key to this but every senior marketer that I speak to still recognises the importance of their external agency partners in creating the transformative ideas that will accelerate the success of their brand, and value agencies' ability to help them navigate a rapidly changing market context by making sense of the tsunami of data they have available.

Despite this, it's clear that many of those who have enjoyed the legacy agency model of incumbent relationships - broadening their offering accordingly to deepen and extend those relationships - look on with dismay at some of their heritage tasks being brought back to the centre by their clients, as nervous about this 'taking back of control' as Remainers are of the loss of the UK's position in the EU club.

In mid November, we gathered together 70 communications agency CEO's representing all parishes of the marketing agency community at a breakfast presentation of AAR's research on the evolving client: agency model. We left time for questions and debate at the end of the presentation and it soon became clear that there is considerable anxiety – particularly amongst those in the creative and media disciplines – about what they perceive as a growing trend of in-housing or insourcing and the attendant loss of income and margin.

It's clear to me that it's not just self-interest at work here; there is a genuine and heartfelt concern that the dominant focus on improving efficiency and reducing costs undermines the creative process. Indeed, in a recent article in Campaign reporting on the highs and lows of taking work in-house, the Director of Digital Content and Editor at U-Studios, Unilever's in-house agency for North America, commented that the drive for efficiency and the resulting new agency remuneration model, whilst extremely efficient and

transparent, was "hurting the creative process". She added "Maybe we went too far to the right and maybe we need to come back a little bit". Her view was that a focus largely on costs meant risking losing out on the best creative talent from external agencies.

There is no doubt that pulling together a new hybrid structure which marries the talent in external agencies with in-house creative talent, working together seamlessly to create communications which are more personalised, more creative, and more agile, represents a huge opportunity for brands.

Agencies are very well-placed to help their clients achieve this hybrid structure but it requires the adoption of a new mind-set and approach. And it requires something else which, beyond the bandwagon chat of in-housing and 'the agency model being moribund', is the real elephant in the room. The consequence of model evolution of this kind will be the commensurate need for marketers and procurement to reset their approach to agency remuneration, 'investing' in the talent of their external agencies in the same way that they have invested in creating their own in-house talent.

Not easy for either party to do but a critical pain barrier to go through if the resulting model is to work optimally and be sustainable.

It's an important and multi-themed debate and some of the issues are explored in the articles and perspectives from my AAR colleagues that follow; I hope that you enjoy reading them. If you have any feedback to share, please do get in touch.

In the meantime, good wishes for a prosperous and successful 2019 for us all.

Kerry

Kerry Glazer, CEO, AAR
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Need for marketers and procurement to reset their approach to agency remuneration, 'investing' in the talent of their external agencies in the same way that they have invested in creating their own in-house talent.

News

AAR launches new practice to help firms find the right innovation partners

September saw the launch of our new innovation practice, which will help clients navigate the increasingly sophisticated and vibrant landscape of potential partners for their innovation efforts. The practice is led by Robin Charney, Director, Digital and Innovation.

Choosing the right partner can have a dramatic impact on the effectiveness of a company's attempts to innovate, but the growing range of options available makes that choice increasingly complex. Businesses have to contend with a spectrum of potential partners from startup incubators to innovation consultancies. They have to consider factors including any potential partner's experience with the specific problem they are looking to solve, as well as scale, cost, processes, culture and team fit. The innovation practice will help clients make better choices about who to work with.

The innovation practice will help clients make better choices about who to work with.

This complex landscape was also analysed in our report, Navigating The Corporate Innovation Partner Landscape, published to coincide with the launch of the new practice, and based on in-depth interviews with innovation leads in a range of major organisations, as well as CEO's of innovation and management consultancies, accelerators and entrepreneur networks.

The report found that businesses in every sector believe innovation is imperative for survival in a rapidly-changing and increasingly disrupted competitive environment. It's now a priority for C-suites everywhere and impacts every part of the business. To be successful it requires continuous investment, and the creation of a culture of innovation within the organisation.

As a result, companies are dedicating increased funding and resources to establishing and maintaining internal innovation functions and initiatives. At the same time they're looking for innovation partners who can help with all of this.

To download a copy of the report, Navigating The Corporate Innovation Partner Landscape, visit **aargroup.co.uk/innovation-landscape**. ■

AAR CEO Kerry Glazer appointed NABS President

We were incredibly proud when our CEO, Kerry Glazer, was appointed President of NABS, the advertising and media industry's support organisation, in the spring of 2018. She took over from Karen Blackett OBE in May, at the end of Karen's two-year term in office.

Kerry is a long-standing supporter of NABS, having been a trustee and a member of the Support Committee. Now, as President, she's championing NABS' critically important work in supporting the wellbeing of everyone working in advertising and media. "We have never been under as much pressure to perform as we are today. Our clients' budgets are tighter than ever, yet the need to succeed and deliver outstanding results continues to grow," Kerry said. "We are all working longer and harder. If you factor in a culture of being online and available 24/7, it's no surprise that many of us end up needing advice and support."

Kerry's aims as President include driving further awareness of the support NABS offers, and forging new partnerships with creative agencies.

"The NABS SHEPARD Model [an evidence-based model encompassing the latest research and neuroscience to identify the seven characteristics of wellbeing] is vital in helping us better understand our own wellbeing, showing us how we can take positive steps to stay healthy and productive, with NABS being there as a safety net with unfailing support and advice if it all gets too much."

Kerry's aims as President include driving further awareness of the support NABS offers, and forging new partnerships with creative agencies. She is also committed to end sexual harassment in the workplace. As a past President of WACL (Women in Advertising and Communications London) - a role she relinquished last July - she worked with NABS and the Advertising Association to launch the **timeTo** initiative detailed overpage. ■

Supporting creativity in UK plc

At the beginning of last year we were delighted to be asked to be part of Promote UK, an initiative launched by the Advertising Association to support the Government's Industrial Strategy.

The aim of the initiative is to position the UK as the top global hub and centre of excellence for advertising as the post-Brexit transition period approaches.

AAR Managing Director Paul Phillips and Managing Partner Martin Jones have participated in the key group meetings, offering advice and insight into which countries and sectors should be targeted, as well as the motivations and barriers for CMO's considering the UK as a provider of best-in-class creative solutions. In addition, we'll continue to play a key role in providing metrics to benchmark the effectiveness of the initiative. ■

The Campaign for Great British Creativity

In parallel, our Managing Partner Tony Spong now sits on the DMA's Creative Committee, which is looking to inspire and champion creativity in business, society and government.

The Creative Committee will be kicking off a piece of research by the time you read this with the aim of launching the Campaign for Great British Creativity in March 2019.

Tony has also been involved in research undertaken by Warwick University into the value of creativity and how this might be measured going forward.

So there is a lot of focus on creativity at the moment, and with organisations such as **nesta.org.uk** working to grow the creative economy, one senses a real momentum behind this at all levels. ■

AAR introduces Benchmark Audit across people, production and performance

Not so long ago, when agencies were challenged to be 'faster, cheaper or better', it was customary for them to ask the senior client which of those was the priority. Not anymore. Now the challenge is proving you are delivering against all three in a way that convinces all marketing stakeholders, including the Board, who often just see a large cost line and opportunity.

AAR has been busy behind the scenes helping clients and agencies faced with these challenges who wanted new, evidence-based options that delivered against their tasks and didn't distract from their objectives.

When probing how we could help, time and again CMO's and agency leaders shared their frustration that, in the absence of a more appropriate approach, calling a pitch was used to address these issues. Both CMO's and agency leaders accepted that, at best, this would only reveal a partial answer to the big questions. And, at its worst, is a waste of good people's time, energy and focus.

We agree. That's where we can help with the AAR Benchmark Audit - benchmarking people, production and performance.

There are three aspects to the Audit that can be procured separately or in combination, depending on your clients' requirements and what you are looking to measure.

Benchmarking People measures an agency's hourly rate card against the market, using AAR's comprehensive database of agency hourly rates.

Benchmarking Production assesses the cost efficiency of an agency's production across third party suppliers, processes and costs, measured against an industry acknowledged, best practice framework and our benchmarked data.

Benchmarking Performance assesses to what extent you and your client are working in the most efficient way you can to deliver against the agreed scope of work overall, or against a specific factor.

The **Output** is a fact base that enables clear and focused recommendations of where efficiencies and improvements can be applied, as a result of an evidence-based examination.

If you want to know more, get in touch with Paul on **pphillips@aargroup.co.uk** to discuss how we might be able to help you and your clients get the facts. ■

timeTo initiative calls on advertising industry to end sexual harassment at work

timeTo, the collaboration between the Advertising Association, NABS and WACL that aims to end sexual harassment in the UK advertising and media industry, has already signed up more than 160 companies - including AAR - to its Code of Conduct.

The Code includes advice for senior management and HR professionals, for people who have been sexually harassed, for people who have witnessed sexual harassment, for people who fear they have behaved inappropriately and for people who may have been wrongfully accused. You can find the code and more information about **timeTo** at **timeTo.org.uk**.

The Code was created as a result of a survey, commissioned by **timeTo** and carried out by Credos, to find out the scale of the problem in the industry. It found that over a quarter of those surveyed had been sexually harassed at work; a third of women and 9% of men. Three-quarters of those who said they'd been harassed said it had happened more than once. The research also revealed that 83% of those who said they'd been harassed hadn't reported it, because they distrusted the reporting mechanisms and were worried about damage to their career.

> The findings revealed that all sectors of the marketing communications industry are affected; sexual harassment occurs across all genders, sexualities, roles, and company types.

Kerry Glazer, CEO of AAR, President of NABS and former President of WACL, is one of the founders and chairs the steering committee for **timeTo**.

"The survey findings revealed that all sectors of the marketing communications industry are affected; sexual harassment occurs across all genders, sexualities, roles, and company types," she said. "The negative impact of this on achievement, productivity, happiness, safety, and people's basic right to equality and respect in the workplace cannot be underestimated. By adopting the **timeTo** Code and increasing awareness that NABS is here for you if you need help, our industry can take huge and positive steps forward in making things better; safe, respectful, and equal for all."

Then, in October, **timeTo** launched its first advertising campaign. Using creative developed by Lucky Generals, and based on real-life experiences, the campaign included three 30-second online adverts as well as out-of-home advertising.

"It's about making sure that everyone in the industry is aware that any unwanted conduct of a sexual nature that makes a person feel uncomfortable, offended, intimidated, or degraded is not acceptable. It's **timeTo** end sexual harassment in our industry once and for all."

For more info and to sign up to the Code, visit **timeto.org.uk** ■

AAR super-sizes annual quiz in support of NABS

With our CEO being NABS President and as part of AAR's long-standing support of NABS, our annual Quiz is moving up a gear in 2019. It's going to be bigger, better, even more competitive (if possible) and all proceeds will be donated to NABS.

On the evening of Wednesday 13 March, more than 50 teams will fight it out over six rounds of questions for bragging rights as the smartest quizzers in the industry, and there'll be beer, wine, pizza, chocolate and spot prizes along the way. We're aiming to raise over £15,000, all of which will go to NABS to help fund their hugely important work.

Hosted by Facebook at their Rathbone Square, Fitzrovia, London W1 offices, a team table of six quizzers is charged at just £300 plus VAT. We'd love you to join us on the night, so to register your team and book your table, please visit **aarquizfornabs2019.eventbrite.co.uk**. But be quick, as tables are booking up fast and limited places are now available! ■

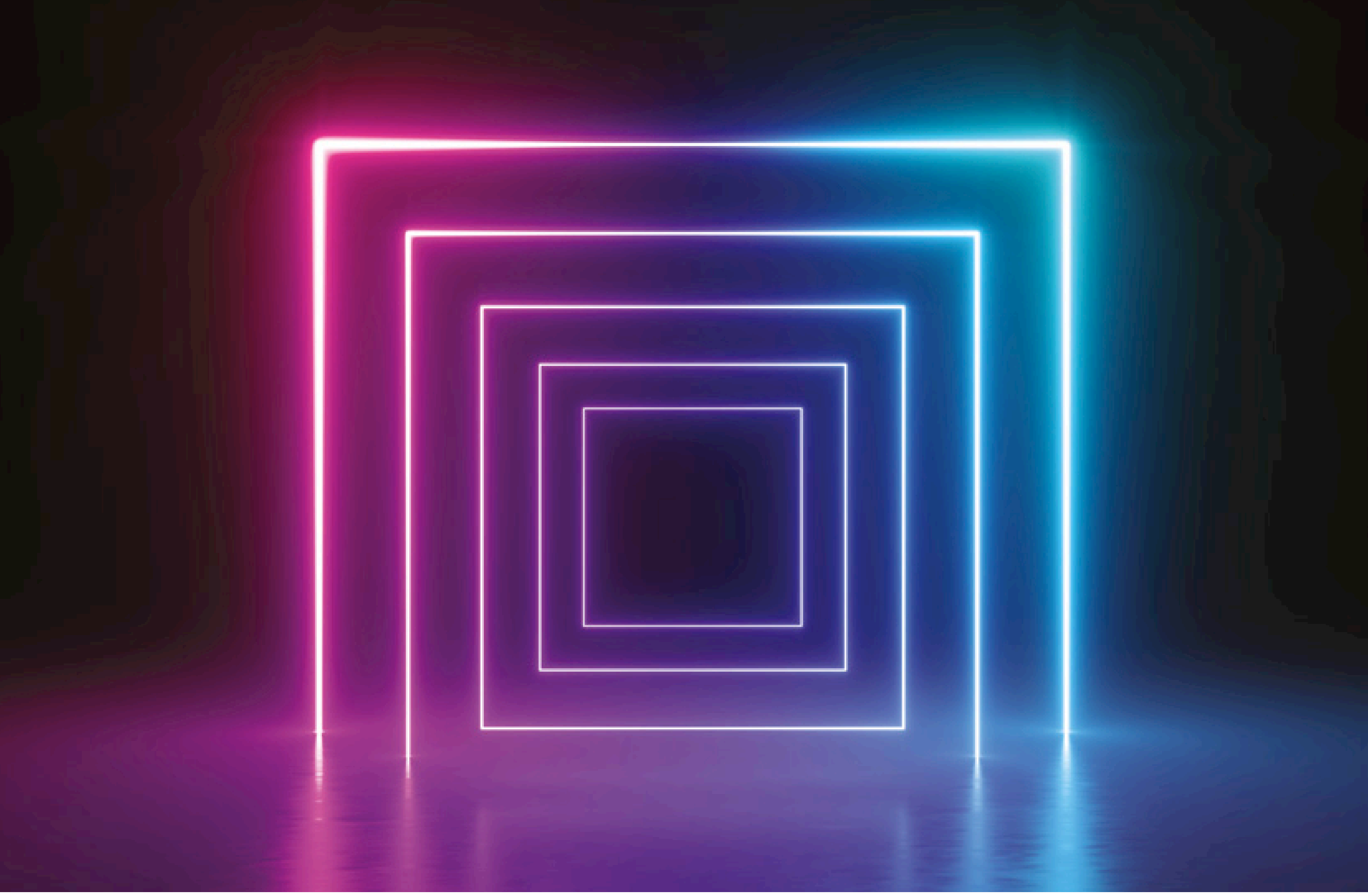
And for the fastest amongst you, there's the London Adland Sprintathon

To get this on your radar as we think it's going to be fun, Campaign is running a London Adland Sprintathon on 25 July 2019 at the Olympic Park Community Track, raising money for Stand Up To Cancer.

It will be a fun and inclusive event where 105 agency, media owner and trade body teams will submit a team of 4 people (two men and two women) to run a single lap of the 400m track. The teams will collectively run a marathon in under two hours and everyone gets a chance to win ultimate bragging rights by being crowned the "Fastest in Adland".

If you want to take part, the entry fee for each team is £1,000 + VAT. Please contact **Sarah.Virani@haymarket.com** for more details. ■

Insights



Navigating the corporate innovation partner landscape

by Robin Charney

AAR has launched a practice that will help businesses find the best partners from the growing pool of innovation, growth and management consultancies, incubators, accelerators and venture partners. We've accompanied the practice launch with the publication of 'Navigating the Corporate Innovation Partner Landscape' which can be downloaded from our website.

There surely can't ever have been a time when corporate innovation was talked about more or the innovation marketplace changed quite so swiftly. Every organisation is feeling the sharp threat of disruption, the need to ramp up innovation programmes and to develop a continuous stream of new value and growth to drive business transformation. And yet, there is a relative paucity of insightful and independent information on the options open to businesses for partnerships, consultancy and support in this rapidly evolving area.

This report sets out to map the innovation partner landscape and provides organisations with an essential guide to making intelligent decisions about innovation partner selection. It looks at key trends in innovation and the context surrounding a quickly expanding marketplace, including the increasing sophistication of innovation functions, the need for operationalising innovation at scale, the different types of innovation and what clients are looking for from innovation partners.

We look at the key factors that are important in partner selection, the range of innovation partners, the different options for engagement and remuneration and how to ensure success when selecting and working with partners, including innovation and

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strategic consultancies, management consultancies, corporate venture building and startup accelerators.

It's clear from our research that the innovation landscape is growing rapidly in vibrancy and sophistication, enabling a greater diversity of partner proposition and more partnership choice than ever. The opportunities have never been greater to work with experienced practitioners to help solve business problems and develop new value in smarter ways.

Our research established some key trends and criteria to inform smarter choices in innovation partnerships.

Some of the key points:

■ Innovation itself is changing. It's apparent from the research that continuous innovation is now regarded as essential for business survival. As innovation becomes more embedded and sophisticated, corporates are making more informed decisions about which partners can solve specific challenges

■ Alongside this growing sophistication, service design and agile innovation methodologies are enabling businesses to validate concepts rapidly and move more quickly towards innovative solutions

■ Businesses are hungry to learn from their innovation partners and apply new thinking towards supporting broader transformation in the company

■ As innovation partnerships evolve, there are some key attributes which corporates are increasingly looking for that can help enable smarter partnership decisions

These include the ability for the partner to:

- Provide unique insight, useful interpretation of rapidly changing contexts and to challenge thinking
- Afford broader learning and capability development
- Deliver a good solution fit for the type of innovation required
- Align process methodology with desired outcome and the problem to solve
- Ensure a productive culture and team fit
- Facilitate access to great talent or networks, tools and assets
- Work at the appropriate scale
- Support broader business growth and transformation efforts

■ As the innovation partnership landscape grows increasingly diverse, it's becoming ever more important to understand the key strengths of different players in the market, and how they can align these with their specific needs

This report is designed to provide an informed overview and direction to making smarter partnership choices in the innovation marketplace. We've detailed not only the key types of partner organisations operating in the space but also some key insights into the features and benefits that each can provide, drawn from the interviews that we have conducted. The report can be downloaded in full at **aargroup.co.uk/innovation-landscape**. ■

Evolving client agency models

by Robin Charney

As marketing becomes more complex and the environment in which marketers operate continues to change, how are clients' demands on their agencies changing, and how are agencies responding? Our latest report reveals a hunger for insight into how to capitalise on shifting trends in order to make smarter partnership decisions.

In the past 18 months, there have been a large number of brands examining their agency operating models in light of a number of key factors including the increasingly complex operating environment for marketing, budget pressures and an overarching need to simplify what has become, for many, a complex ecosystem of agency partners often with overlapping remits.

The cost of getting it wrong, or worse leaving things as they are, is high. As marketing departments emerge from their own transformation projects in a bid to move to a more customer centric approach, they are now starting to examine their agency ecosystems and operating models to determine whether they are fit for purpose and fulfilling the right remits.

It's clear from our research that there is broad diversity in how clients are choosing to structure their agency ecosystems, and also a significant number of key factors that are shaping how marketers are making decisions about the optimal partnership set-up for their needs. Some of the key contexts and findings discussed in this report focus on:

1 Growing marketing complexity

As organisational focus has aligned around the importance of customer experience, marketing has expanded to encompass a much broader set of touchpoints, channels, technologies, specialist knowledge areas and levers for growth. This presents both challenge and opportunity, but has led to a heightened complexity for marketers to navigate, meaning that the overarching focus and trend for agency partnerships is shifting towards greater simplicity

2 Changing contexts for partnerships

Alongside growing complexity, marketers are facing a number of new challenges to partner decisions, including heightened accountability and attribution pressures, the impact of zero-based budgeting and a general shift towards more short-term decision-making and prioritisation

3 A changing environment

As marketing (and the context in which it operates) changes, agencies are broadening and adapting their capability and propositions. This is leading to plenty of blurred lines and crossover between agency types, but also some key shifts in what clients are looking for from their partner agencies ▶

> As marketing departments emerge from their own transformation projects in a bid to move to a more customer centric approach, they are now starting to examine their agency ecosystems and operating models.

4 What clients want

Our research identified a number of key trends on how client demands are shifting; dynamics that can also provide a roadmap for partner selection:

Simplicity – ease of coordination, effective use of time, limited duplication of resource, getting the balance right between specialisation and generalisation on the roster

Integration – a macro trend for media and creative coming closer together, and for more joined-up approaches through the funnel between branding/ above the line, performance marketing and optimisation

Agility and performance – more responsive working processes, smart use of data and analytics, market-beating performance

Transparency and trust – catalysed by well-reported issues around the media supply chain, a heightened level of transparency around arrangements and processes but also the important role of the trusted advisor

Creativity – truly transformative ideas that can take business and brand performance to another level are still believed to best be originated outside the client organisation. The opportunity is in how agencies can apply creativity in new ways

Sensemaking, learning, credibility – in a complex, rapidly changing world, partners can add significant value by helping clients make smarter decisions, understand and interpret changing contexts, and learn new ways of working and operating

5 Balancing single discipline agencies vs multi-discipline agencies within the ecosytem

This has emerged as a key dynamic. Getting the right mix is down to balancing a number of key factors including the need for integration, specific expertise, effective collaboration and coordination, agility and simplicity

6 Changing remuneration and engagement models

The diversity in engagement models gives clients the opportunity to shape arrangements in ways that suit their particular circumstances. Engagement and remuneration are typically shaped by three factors: retainer, project and performance. But the subtlety is in how clients can bring these together in the optimal way

7 In-housing and talent

The other key balance is what to take in-house, and what to leave to external agencies. We look at the key elements that are coming in-house, the main reasons behind the changes and how the talent dynamic is presenting both challenges and opportunities for clients

It's apparent there are multiple influences that impact on how marketers make decisions about the shape of their agency partnerships, but also a hunger for good insight into how to capitalise on shifting trends in order to make smarter partnership decisions. To read the report in full visit **aargroup.co.uk/models** ■

AAR was an indispensable partner during the running of several of our brand pitches. They provided wise, impartial counsel when needed and their fair approach on process established a real sense of trust with all agencies, allowing them to bring their best thinking to the pitch.

KFC UK

Latest insights on client: agency relationships

by Vicky Gillan & Tony Spong

Last spring, AAR undertook a qualitative research project with brand owners and agency leaders exploring the concepts of Trust and Goodwill in client/agency relationships, along with the future role of Account Management.

We were curious as to whether trust is earned over time or is a default position at the start of a relationship? Whether trust and expectation levels vary depending on the role and remit of the agency? Is trust a virtual contract? How is it regained once lost? We also asked questions of marketers and agency leaders around the future of account management. Is the function still needed or on the road to extinction? How do they think it needs to change? What impact will those changes have on both clients and agencies? Is the label the wrong one in today's world? What qualities make a great account director from a client's perspective? Here's a summary of our findings.

THOUGHT STARTERS

■ Clients expect Creative agencies to be providers of 'top table insights'. They don't automatically expect the same from their Media agencies. Is this capability or opportunity or trust?

■ All clients want to be 'relentlessly' challenged and always supported, in equal measure. That's a real dilemma for agencies and internal teams, and a real skill to recognise where the line is and get the balance right. We believe clients need to be clearer about where they absolutely do and absolutely don't want to be challenged.

■ The key ingredients of a good client/agency relationship from both sides is communication: clear, honest, transparent communication and an aligned shared purpose. Easy to say, harder to maintain.

■ The honeymoon period doesn't exist. While there is much optimism in the beginning, issues that understandably might not have been discussed in the pitch process can quickly emerge which need careful management and expectation setting within both teams.

TRUST & GOODWILL

■ Trust comprises a combination of reliability, ability and truth.

■ Trust is there from the start of a relationship. It's there when an agency is appointed. It's assumed and expected, until it's broken.

■ Trust is threatened when relationships change. On the client side, that can be market forces, strategic and personnel changes. For the agency, that can be changes in the account team, multiple departures, pitching and new clients to service. Interestingly, client talent turnover is felt to be accelerating whilst agency is felt to have stabilised.

■ Trust is not broken by an honest mistake. Especially if the mistake is owned up to! Indeed, an error spotted and made good can strengthen a relationship.

■ Warning signs in a breakdown of trust for clients include calls not being returned, non-attendance at meetings, a rise in cost and a decline in quality of work. Clients will forgive their creative agencies a bit of disorganisation if the work is strong.

■ Those warning signs can be addressed by having open and honest conversations with senior colleagues to resolve known problems, anticipating issues through regular reviews, and swiftly replacing team members when appropriate to do so. Replacing the agency is seen as disruptive, time consuming and very much a last resort.

■ Goodwill is outside of the 'trust' contract. It's seen as 'money in the bank' by both clients and agencies which, if built up now, will bring benefits later.

An agency shows goodwill by going beyond their remit and over delivering for the client. A client shows goodwill by stretching deadlines and overlooking mistakes. There is an expectation of reciprocity though – does that happen or do one off goodwill acts just set an expectation for next time?

ACCOUNT MANAGEMENT: THE FUNCTION AND THE ROLE

■ Clients have put pressure on account management "value" for years, but agencies have also undermined and underplayed account management and overplayed planning and project management.

■ Account management has evolved in the client's eyes from the old school long lunches and trips to Wimbledon to wanting smarter, more involved, careful, 'hungry' teams who can lead the client's agenda within the agency (and not vice versa). Building relationships is still critical but needs to be built through work initiatives and successes, not social.

■ Account management must be strategic. It's all about driving the client's business, not about hierarchy and layers. Clients don't have the time and need agencies to reflect their own flatter internal structures.

■ Clients value active listening; a point of view; delivering the best of the agency; keeping it fresh, relevant, leading-edge. There is a real difference between listening (and acting) and hearing (and seemingly doing nothing).

■ Most clients disagree that the account management role is extinct but acknowledge a need to overhaul into more of a business lead role that is effective whatever the job title is.

■ A lead figure with empathy, intelligence and gravitas. They may be or have been a lead planner, a strategy director, a partner, an account director. It's not about titles. It's about what they deliver and how. Implicitly multi-skilled and with an informed perspective to draw on.

■ Whilst there's much debate and, to a degree, a long list of the required characteristics, there was a sense that what was crucial was dynamic leadership (relentlessness, inspiration, bravery, curiosity) AND emotional intelligence (empathy, pragmatism, supportive, collaborative) wrapped with authority, leadership and integrity.

■ With some interesting parallels to other "leads".

Football Managers - They refresh the team just before it has the chance to become stale

Orchestra Conductors - There are reasons why some conductors are paid the big bucks

Maître d' - Any service business that doesn't have good client service will not exist for long

■ Finally, a sense that one size does not fit all. A flexible approach is needed. And to sum this section up, 'Bad account management will soon be extinct, great account management is more necessary than ever'. ■

The research was undertaken by The Nursery during spring 2018. In depth interviews were carried out with senior clients and agency leaders, selected for their marketing experience and industry tenure. We thank them enormously for their time and perspective.

New business market 2018

by Martin Jones

> We saw a change in the sectors who were most frequently bringing their accounts to pitch. For the first time in several years, the retail sector wasn't at the top of the table.

Understandably, agencies have always judged the "health" of the new business market through their own experiences and what they read in the marketing press. Having a more substantive sense of what is going on (particularly in volume terms) in the new business market has always felt like a useful piece of context for us to include in Pulse.

We'll shortly be producing a report on how the market has performed over the last five years but, in the meantime, here's our take on the state of the nation over the last twelve months.

The number of brand owners who reviewed their agency arrangements during 2018 remained reasonably constant (down 2.9%) when compared with 2017. As can be seen from the following table, however, there were some variances across the disciplines.

DISCIPLINE % DIFFERENCE 2018 V 2017

Total -2.9%	Advertising -0.3%	CRM/direct marketing -13.4%
Digital -2.5%	Integrated -6.4%	Media +18.9%

Source: AARnewbizmoves

Looking at the individual areas, while there was very little difference between the volume of advertising/ creative reviews taking place year on year (down 0.3%), there was a greater proportion of major spending brands pitching their business. Eleven clients with media spends in excess of £20 million reviewed their business versus seven in 2017; an increase of 57.1%. These were Asda, Betway, Camelot, Co-op, Coral, Ford, Lidl, MoneySuperMarket, SimplyBe Sky and Sofology. The majority of these appointments were made via competitive reviews while, in 2017, most of the seven accounts moved to a new agency without a pitch taking place.

Equally encouragingly, there were a large number of brands who had not previously advertised (particularly in the tech area) and were appointing agencies for the first time; a trend which we suspect will continue in 2019.

The volume of media pitches was up (18.9%), especially at the global level where brands used their pitches as a means of evaluating their incumbent agency's transparency versus the marketplace. At the same time, in the UK, media agencies were kept busy by brands undertaking "local" pitches including CCS, Co-op. Coca-Cola, Heineken, LV=, Lloyds, Mondelez, Specsavers and Whitbread.

While there was an increase in the volume of media reviews, the number of CRM reviews was down. This was

partly due to businesses preferring to stick with their incumbents in the face of GDPR rather than seek a new partner at a very complex time for CRM marketing.

There was definitely a change of emphasis in the digital space, with very few stand-alone digital "comms" reviews, and an increase in the number of appointments where clients felt the need to seek specialist assistance in areas such as UX, digital strategy and ecommerce.

In addition, while impossible to measure accurately, we are aware of an overall increase in the incidence of brands seeking strategic consultancy and business strategy services – and they are buying it from dedicated strategic and brand consultancy agencies rather than from any of their other generalist agency partners.

In terms of other key trends, we saw a change in the sectors who were most frequently bringing their accounts to pitch. For the first time in several years, the retail sector wasn't at the top of the table. In 2018, clients in the Motoring sector provided the greatest number of new business opportunities for agencies, with Food closely following.

Rank	Pitches by Sector 2018	Rank	Pitches by Sector 2017
1	Motoring	1	Retail
2	Food	2	Motoring
3=	Finance	3	Charity
3=	Retail	4=	Finance
5	Charity	4=	Travel
6	Travel	4=	Alcoholic drinks
7	Alcoholic drinks	7	Food
8	Government	8	Government
9	Cosmetics & Toiletries	9=	Telecommunications
10	Clothing	9=	B2B

The second trend we observed was the increased propensity for agencies to decline an opportunity to pitch which, previously, they would have accepted. With increasingly limited resources, agencies have become more selectively and commercially pragmatic about what they are prepared to pitch for, taking the view that, unless they have the available resource to give the pitch one hundred per cent, they would prefer to turn it down. This is in direct contrast to the past cultural optimism of many agencies that would previously be prepared to "give it a go" and accept the consequences – and cost - of not doing their best. With increased pressures on agencies, this is a modus operandi that will continue in the coming year.

We don't have a crystal ball to forecast how the new business market will perform in 2019. However, one reassuring factor is that, with the majority of (particularly creative) reviews being caused by a breakdown in the relationship between a client and its agency, our belief is that this catalyst will not change, whatever the state of Brexit and/or the economy. ■

Agency investment in new business and marketing: Survey results

Getting an informed sense of how your own new business investment, resources and activity measures up against the rest of the agency market helps new business budget planning and provides valuable management information for agency leaders. Yet, benchmarking their own resources against their peer group, and the market as a whole, is one of the most difficult challenges for those responsible for new business and marketing in agencies. Indeed, getting any kind of handle on the new business market and how it is experienced by other agencies is no easy task.

To try to make this easier, AAR intermittently carries out a survey of the agency market, inviting agencies of all sizes and locations to respond to questions on a broad range of topics such as the number of staff employed in new business/marketing and the budgets allocated within their agency, through to their pitch activity in the previous twelve months, including sources and types of pitch and the involvement of procurement.

The tables of results and key findings, broken down by the disciplines of Advertising, Digital, Media and Integrated (which also includes PR), are published here alongside some of our perspectives on some of what we found.

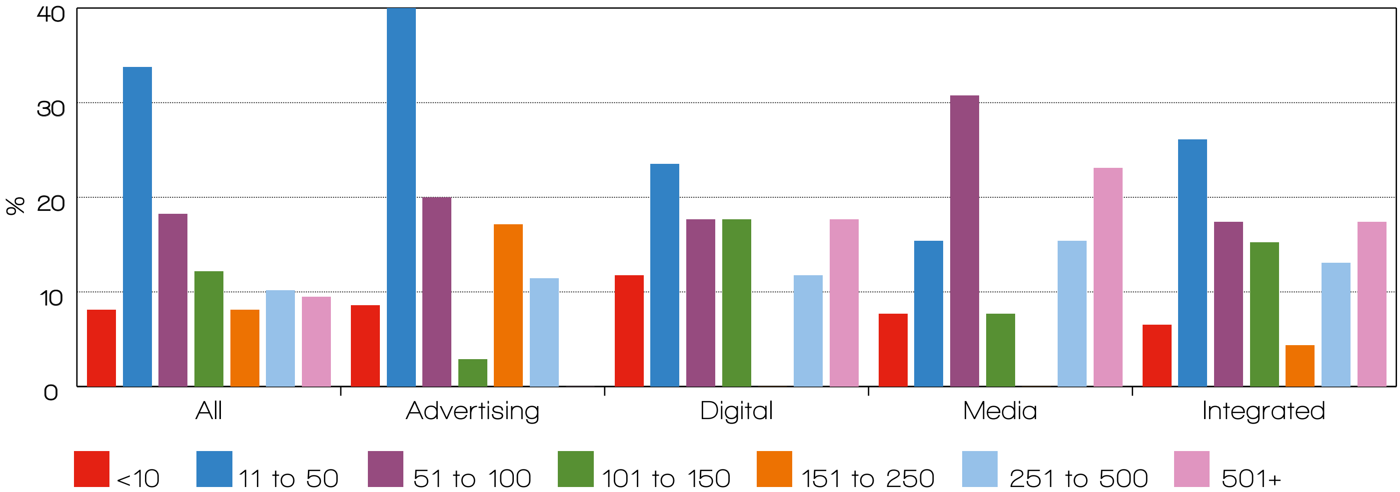
1. RESOURCE IN NEW BUSINESS AND MARKETING

Team sizes

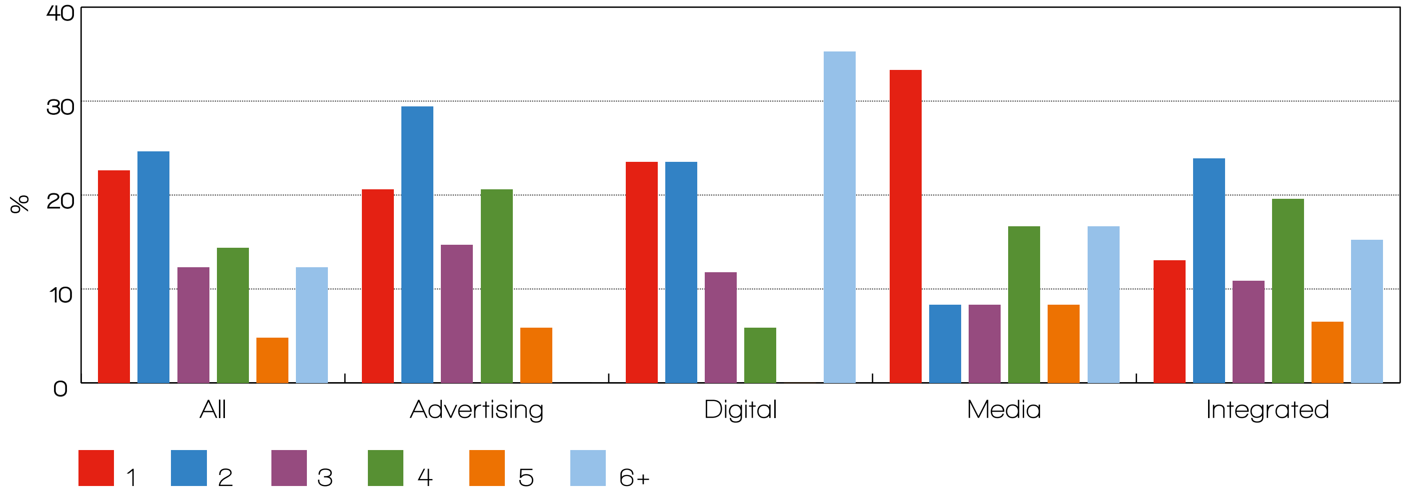
Two is the magic number for most agencies - nearly half of the agencies surveyed had teams comprising one to two people. Some do have larger teams: 12% of the respondents have teams of six people or more. Interestingly, digital agencies employ the largest number of new business specialists; a trend that is likely to be driven by the fact that digital agencies undertake the greatest number of competitive pitches as a single discipline, with an average of 20 per year. At the other end of the scale, 9% had no-one dedicated to working in new business and marketing.

In terms of who these people are, there has been a growing trend for agencies to move senior account handlers into new business roles. A tour of duty in new business is seen as valuable preparation for future senior management positions but is also likely to be a response to the continued shortage of experienced new business managers and executives available in the market.

HOW MANY STAFF ARE EMPLOYED AT YOUR AGENCY, WHETHER ON A FULL TIME, PART TIME OR FLEXIBLE BASIS?



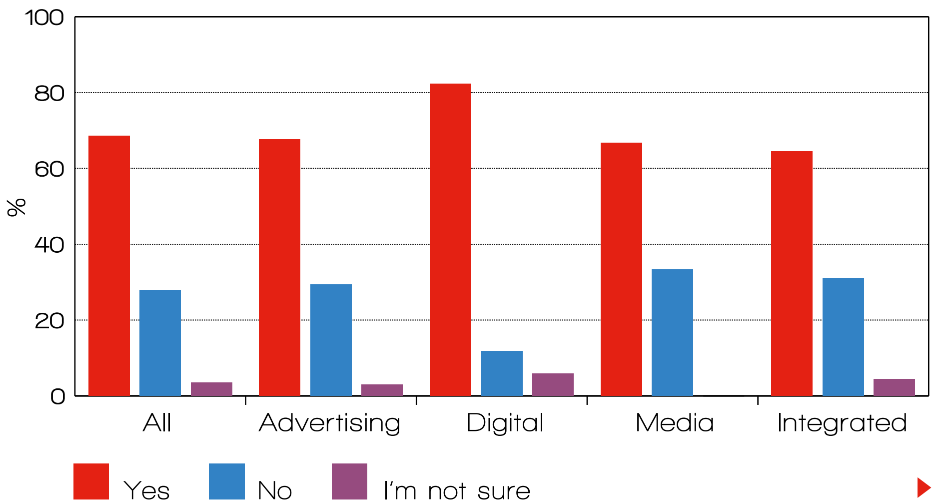
HOW MANY PEOPLE ARE IN YOUR NEW BUSINESS/MARKETING TEAM?



Board representation

Overall, over two thirds of the agencies surveyed had a senior new business person in post who sat also on the agency board, with this rising to over 80% amongst digital agencies.

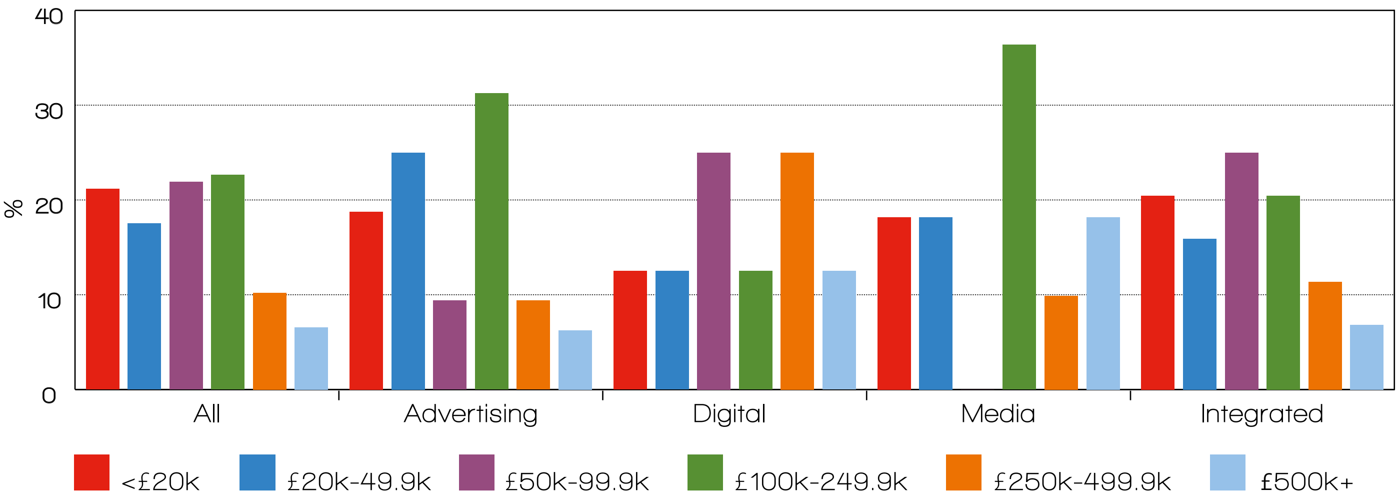
IS NEW BUSINESS/MARKETING DIRECTLY REPRESENTED ON YOUR MAIN AGENCY BOARD?



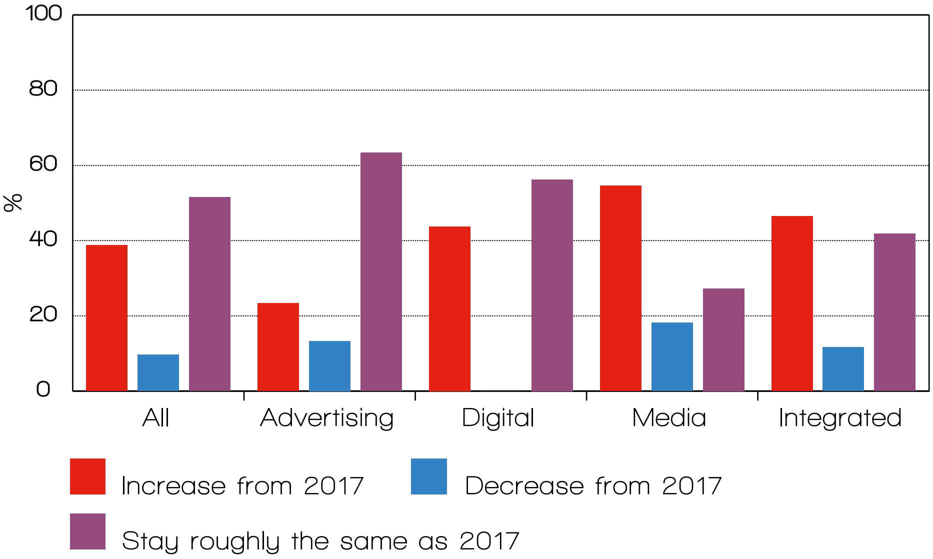
Budgets

The new business and marketing investment reported by agencies – excluding time and pitch costs - ranged from £20K to £500K plus per annum. 20% was the magic number in terms of how this broke down across the respondents, though only 7% enjoyed the benefit of a budget larger than £500K to commit to their efforts.

WHAT IS YOUR TOTAL ANNUAL AGENCY BUDGET FOR NEW BUSINESS/MARKETING (EXCLUDING TIME)?



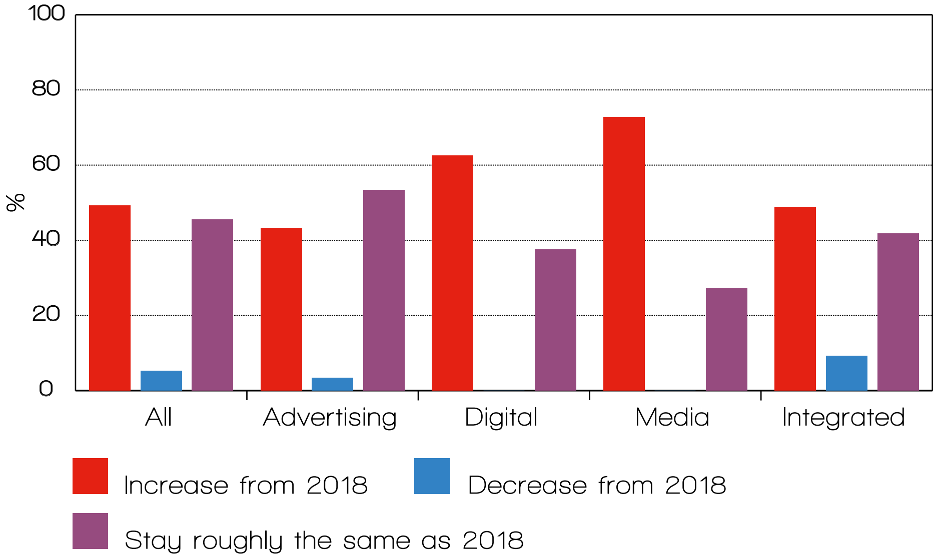
THINKING ABOUT 2018, DID YOUR NEW BUSINESS AND MARKETING BUDGET:



Reassuringly for most, budgets are also hanging on in there despite the overall pressure on costs within agency businesses.

Reassuringly for most, budgets are also hanging on in there despite the overall pressure on costs within agency businesses. When asked to say whether they had seen either an increase or decrease in their new business and marketing budgets in 2018 versus the previous year, only 10% of agencies reported a decrease, with 51% remaining roughly the same, and 39% reporting an increase.

LOOKING AHEAD TO 2019, DO YOU ANTICIPATE YOUR NEW BUSINESS AND MARKETING BUDGET TO:



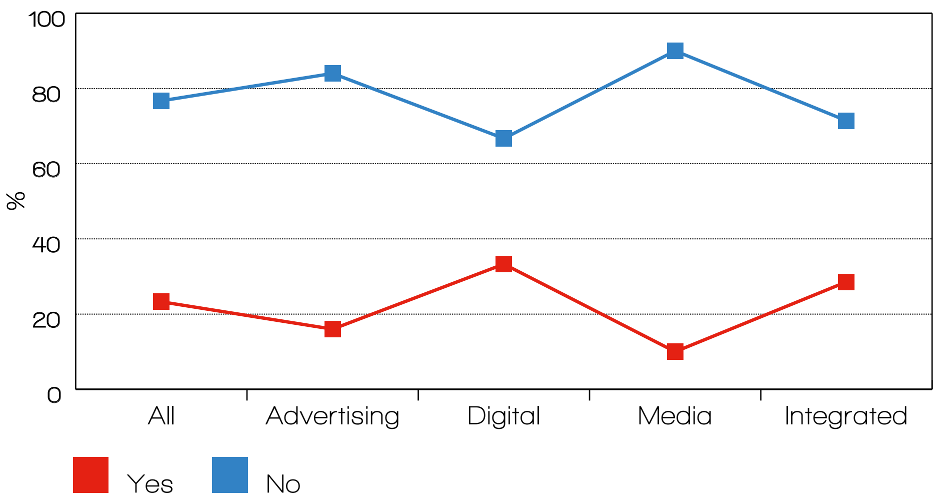
There was also a surprisingly positive outlook for 2019 too, with nearly half of all respondents anticipating an increase to their budget. Most of the other half believed that their 2019 budget would be consistent with 2019, with only 5% having to deal with a decrease.

This undoubtedly reflects a recognition within agencies that to genuinely compete in the arms race that is the new business market, agencies need to invest in dedicated new business budgets.

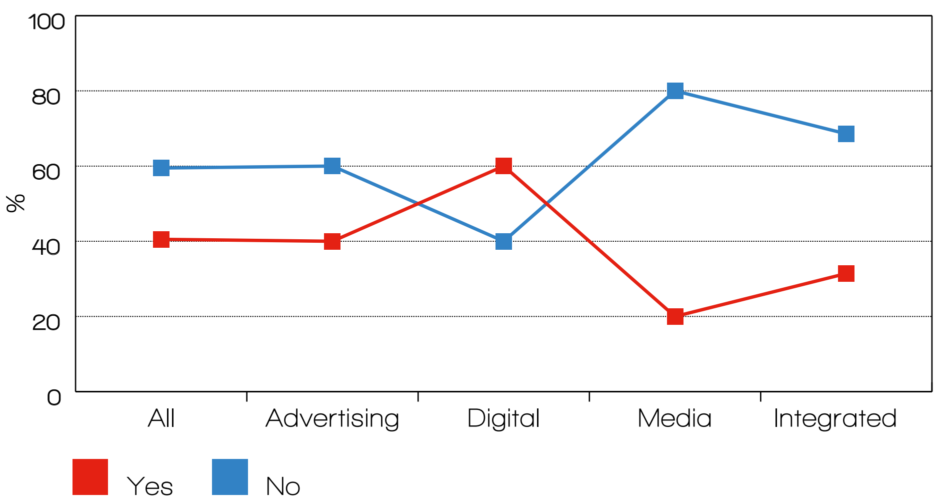
Outside resource

When we investigated what external resource agencies employed to support them in marketing and new business, 41% said they engaged some form of outside PR support, and nearly 80% revealed that they made no use at all of any external cold calling services. Of the 23% who did use cold calling services, digital agencies were the most likely to use them whilst media agencies were the least likely.

DOES YOUR AGENCY EMPLOY AN EXTERNAL COLD CALLING CONSULTANCY?



DOES YOUR AGENCY EMPLOY AN EXTERNAL PR AGENCY/CONSULTANT?



A similar pattern was seen in the use of external PR support, with 60% of digital agencies using them as opposed to only 20% of media agencies.

Pitch costs

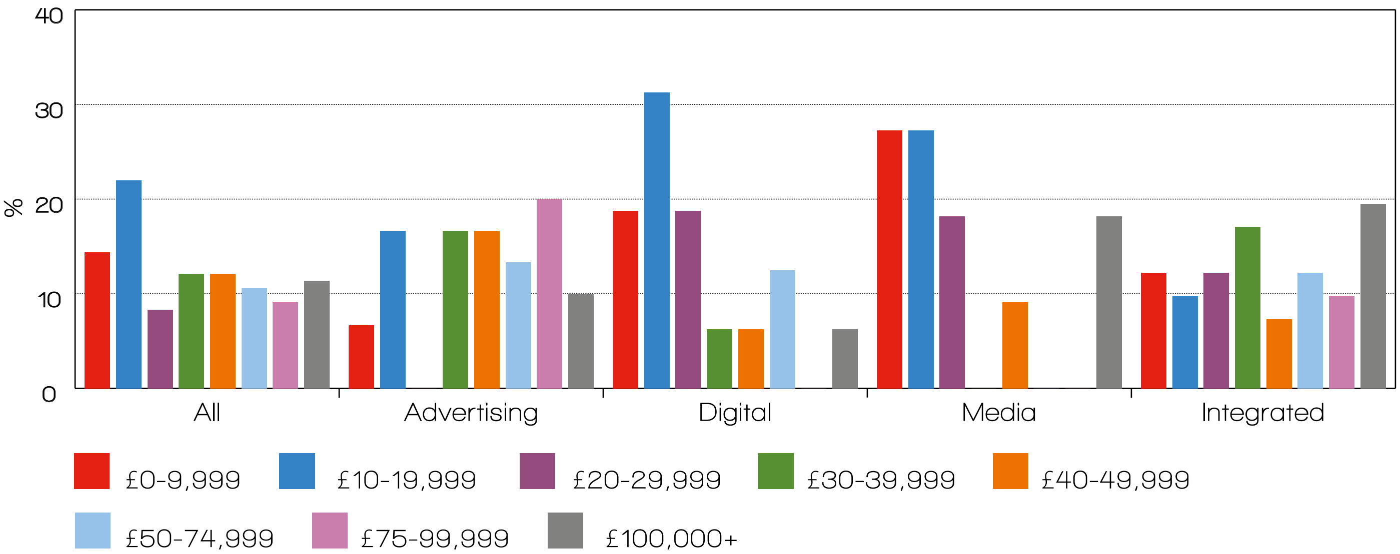
It is always critically important to understand the numbers around the perennial debate on the cost of pitching; the opportunity cost being a perpetual consideration for any agency invited to participate in a pitch.

Realising that the size of opportunity does vary, we asked respondents for what they thought was their 'average' expenditure in money and time on a pitch, so the following figures are an indication rather than an absolute guide.

Across all disciplines the most common band of average expenditure on a pitch opportunity reported by 22% of the responding agencies was between £10-£20K, which surprised us in that it was lower than we expected for that percentage of agencies. But high average pitch costs are still alive and well. 12% of agencies spent between £30-£40K on an average pitch, with another 12% reporting an average of £40-£50K. At the top of the scale, 11% of agencies reported an average investment of just over £100K in each opportunity; opportunities where, one hopes, the prize involved warranted these extreme levels of investment. At the bottom end of the average expenditure scale, a sizeable 14% estimated that a typical pitch for them cost them less than £10K.

Ad agencies remain the highest investors in average pitch costs.

ON AVERAGE, WHAT IS THE AMOUNT OF MONEY YOUR AGENCY SPENDS ON A TYPICAL PITCH, INCLUDING STAFF TIME?



Across all disciplines the most common band of average expenditure on a pitch opportunity reported by 22% of the responding agencies was between £10-£20K.

One of the key reasons for asking the question about average pitch expenditure in the first place was so that we can actively share the findings with brand owners, ensuring that they are cognisant of the commercial consequences of asking agencies, most of whom would be categorised as SME's, to compete for their business.

2. PITCH ACTIVITY

Volume

Overall, the average number of pitches participated in over the last twelve months was 18, but this average varied significantly by discipline in one area: advertising. Whilst media, digital and integrated agencies had an average of around 20 pitches, advertising was much lower at 11.

This discrepancy is likely to be accounted for by a trend we have observed amongst advertising agencies who actively seek to control the number of pitches they participate in simultaneously, aiming for no more than one a month. When you overlay the finding that ad agencies invest more overall in their average pitch costs than other disciplines, the decision is clearly a sound one.

HOW MANY COMPETITIVE PITCHES HAS YOUR AGENCY UNDERTAKEN IN THE LAST 12 MONTHS?

18 All

11 Advertising

20 Digital

20 Media

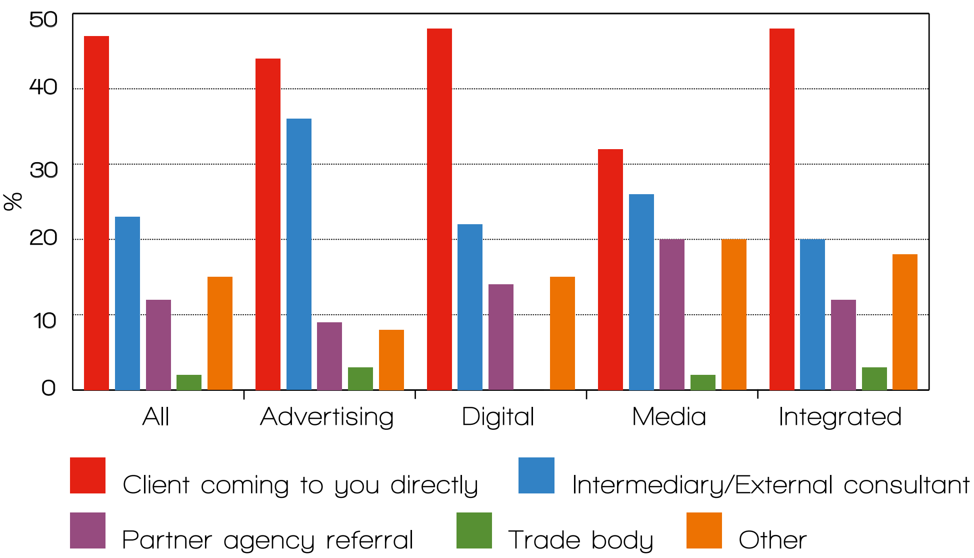
21 Integrated

Sources

Considering the sources of opportunities, 47% of agencies said that clients approaching them directly was the biggest source, with the second largest being intermediaries or an external consultant at 24%, with less than 2% indicating that opportunities had come via a trade body.

12% highlighted partner agency referrals, and 15% mentioned ‘other sources’; a general mixed bag of lead generation campaigns and outbound activity, colleague contacts, personal networking, email, cold calling, SEO and events.

OF THE COMPETITIVE PITCHES UNDERTAKEN BY YOUR AGENCY IN THE LAST 12 MONTHS, PLEASE INDICATE THE SOURCE OF THE OPPORTUNITY



One general observation we would make about sources of new business is that, whilst not equally celebrated, business development where additional projects are won from existing clients is just as important for agency growth as new business is. And within new business itself, long term engagement with a prospect over time rather speculative cold calling is also the new effective norm.

3. TYPES OF PITCH

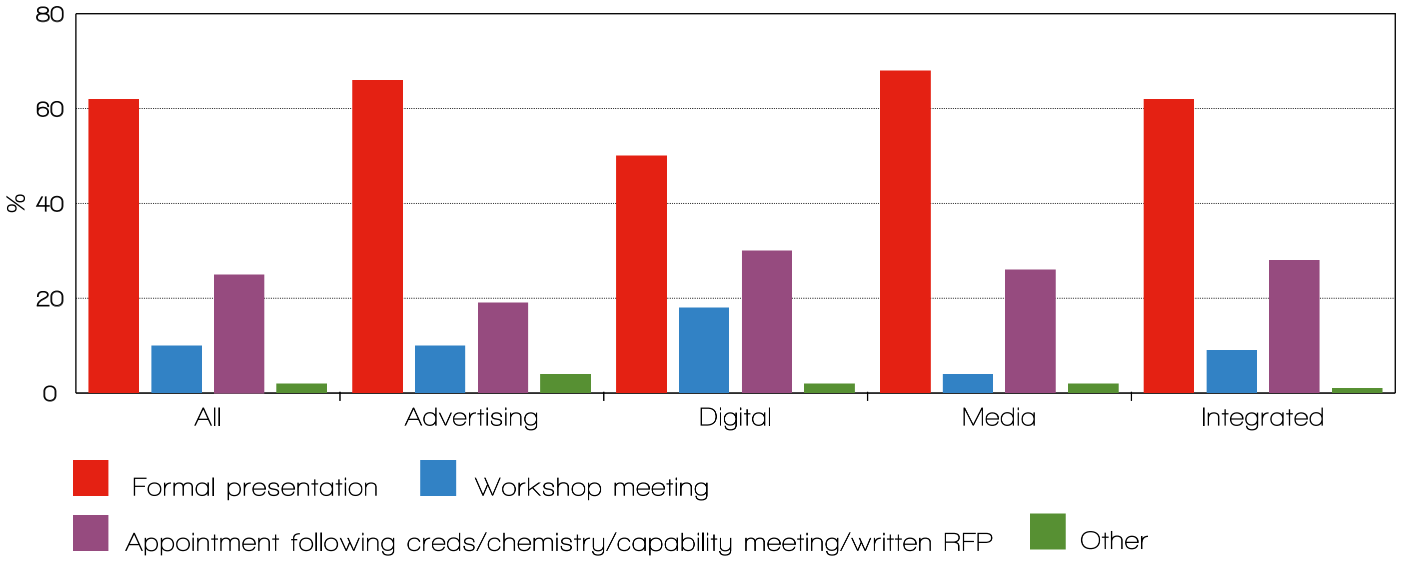
Despite the rumbling bandwagon claiming the pitch process is broken throughout a good part of 2018, reports of its demise have been rather over-exaggerated. Pitch processes resulting in a formal final presentation topped the list as the most common method of appointing an agency, with respondents telling us that this was how 53% of their prospective clients went about it.

Having said this, 22% of pitch processes appointed after having had chemistry/ creds/ capability meetings or written RFP's, and workshop-style final presentations accounted for a further 9% of competitive pitches.

So the pitch process isn't broken – it's just the final task prior to appointment that varies.

Whilst brand owners are often happy to look at different ways of appointing an agency, our experience tells us that one of the key reasons that they still opt for a traditional comparative pitch approach is in order to de-risk the appointment. This de-risking is often from a personal as well as corporate perspective. Appointing a new agency exposes CMO's and Comms Directors to internal scrutiny, invariably at C-suite level, and it is, therefore, unsurprising that a brand owner will opt for an evidently robust process which not only delivers the appearance of a level playing field and democracy of decision-making, but can also facilitate the involvement in senior management in that decision-making.

OF THE COMPETITIVE PITCHES UNDERTAKEN BY YOUR AGENCY IN THE LAST 12 MONTHS, HOW MANY WERE OF THE FOLLOWING TYPES?



Other routes to appointment cited by agencies included informal meetings, organic growth via business development, and ITT's. In some rare instances, no competitive meeting of any kind took place.

4. SOLUTIONS RESULTING FROM PITCH PRESENTATIONS

Accepting that any competitive pitch puts the participants in an unrealistic working situation with a prospective client that would never occur in a real life relationship, some work produced as an output of a pitch does occasionally see the light of day as the solution that the brand owner runs with once the agency appointment is made.

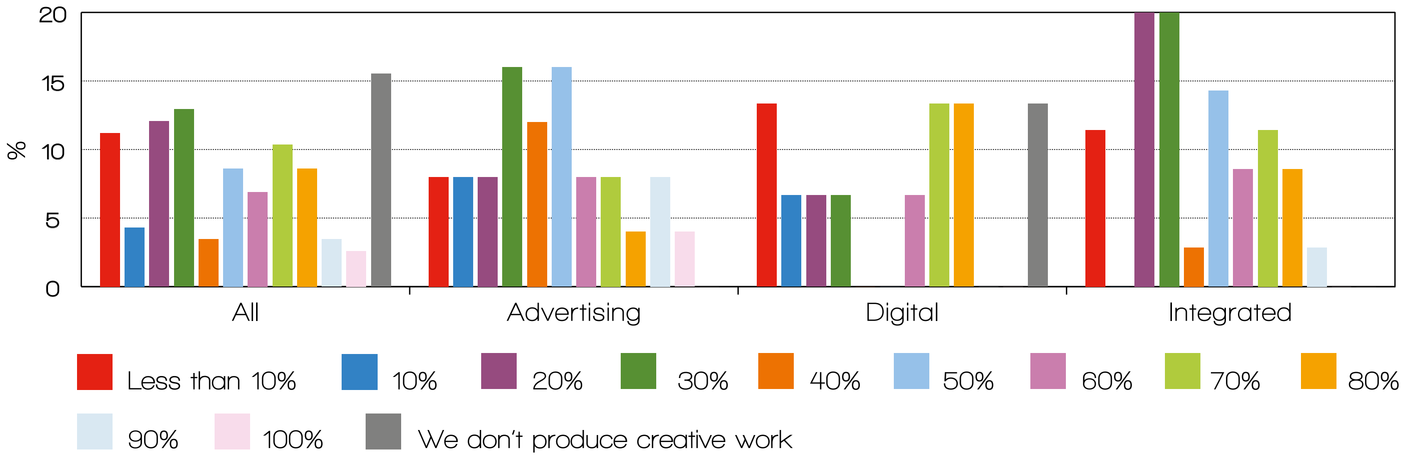
What we wanted to know was – how often does this actually happen? The truth is it varies significantly where the output of the pitch is a set of creative recommendations versus non-creative proposals.

In pitches where there is 'creative' output, 38% of all creative recommendations are implemented.

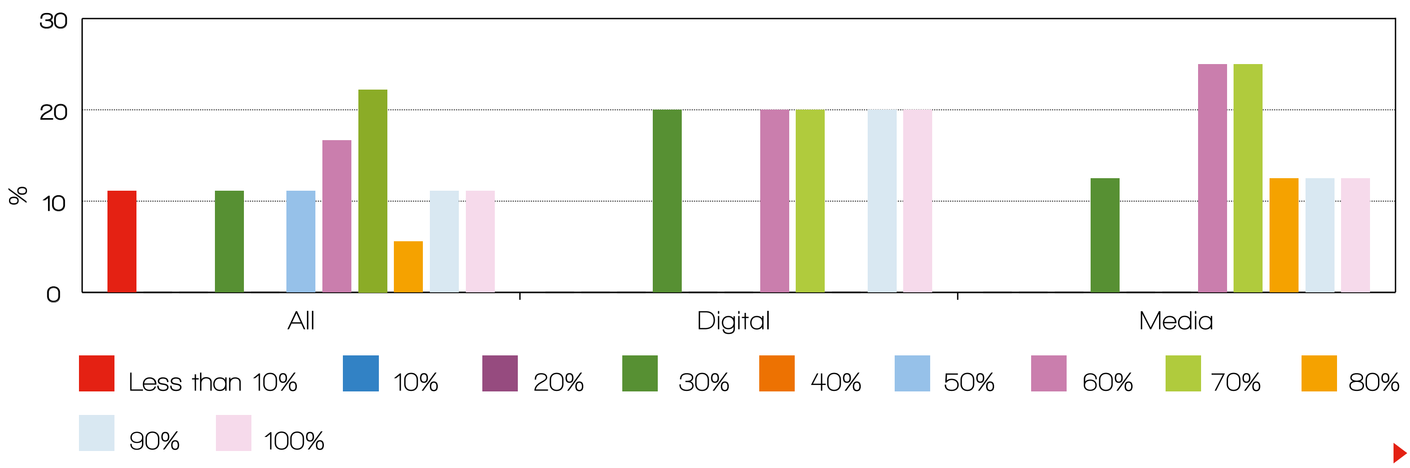
Contrastingly, for agencies who didn't produce creative work as part of the pitch output, e.g. where the pitch output was a PR or media strategy, the pitch recommendations were implemented in 64% of cases.

This difference in successful adoption of creative recommendations comes down to a range of influencing factors - time available to pitch, the process itself, level of client involvement, and quality of brief, for instance – not least of which is the subjectivity of creative evaluation. We'll be looking at creative pitch outcomes further to gauge an average figure, which we think will be more useful.

OF THE "CREATIVE" PITCHES UNDERTAKEN BY YOUR AGENCY IN THE LAST 12 MONTHS, ROUGHLY WHAT PERCENTAGE OF PITCH WORK ACTUALLY RAN?



WHAT PERCENTAGE OF SOLUTIONS PRESENTED BY YOUR AGENCY AT PITCH OVER THE LAST 12 MONTHS WERE ACTUALLY IMPLEMENTED? (NON CREATIVE)



5. PROCUREMENT

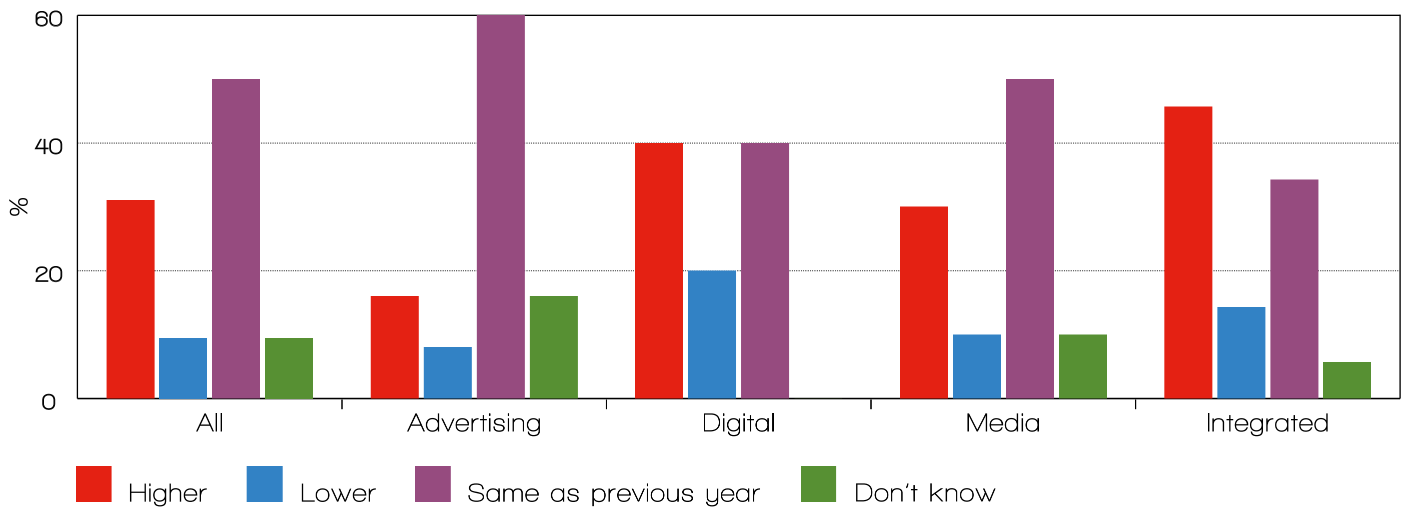
Quite a large percentage of the brand owners that AAR consults to for pitch management involve their procurement colleagues in the process but the pitch is, more often than not, led by the marketing team rather than the procurement team.

It is more common for agencies to experience pitches which are led by procurement rather than the marketing team and we wanted to understand whether or not this was something agencies felt was on the increase.

Overall, it would seem not; but the data does suggest that there are increases in the number of procurement-led pitches with 31% saying they felt that the number had increased year on year. The respondents who reported an increase were mainly in the integrated and digital area.

Only 9% of agencies were of the opinion that the number of procurement-led pitches had decreased.

OVER THE LAST 12 MONTHS, HOW DOES THE PERCENTAGE OF "PROCUREMENT LED" COMPETITIVE PITCHES IN WHICH YOUR AGENCY HAS BEEN INVOLVED (AS OPPOSED TO MARKETING/COMMUNICATIONS DEPARTMENT LED) COMPARE WITH THE PREVIOUS 12 MONTHS?



With thanks to everyone who participated in the survey. We hope the findings and perspectives are informative and will be useful to you. If you have any observations you would like to share or questions about the survey, please do get in touch.

Our plan is to repeat the survey in 2020 and we'll be in contact nearer the time to see whether there are any additional questions that you would like us to include. ■

Using AAR as a guide through our pitch process ensured we had a fantastic selection of agencies to see for chemistry meetings that were right for our organisation and brief. We were able to streamline to four agencies to invite to pitch and the calibre was outstanding.

Everything was coordinated by AAR, ensuring minimal disruption to our own team, and the process ran very smoothly and professionally. They have a wealth of knowledge and experience and I cannot recommend more highly using AAR to ensure the right outcome for this hugely important process.

ORGANIX

Perspectives

Insourcing doesn't mean you have to do everything yourself

by Tony Spong

When my girlfriend (now wife) and I bought our first flat, we were pretty skint. So we learned how to assemble flatpack wardrobes, put up shelves and walked miles carrying secondhand furniture because we couldn't afford the cost of delivery.

Over the years I've acquired the knowledge, the confidence, and more importantly the tools to take on most jobs myself. But recently I've had someone (Chris) in to lay a beautiful but tricky patio, another (Stuart) to do some plastering and yet another (Vlad) to build something out of metal for me. These three guys are specialists in their fields and as craftsmen are a joy to watch.

Many start-up businesses do a lot of DIY as well, not only because they have no budget but also because they want to retain control of the product or service they're providing. We're all familiar with the great campuses of Facebook, Google and Microsoft, and more recently the likes of trainline.com, Booking.com, MoneySuperMarket.com have built huge internal teams to optimise media and customer journeys. Then there are those in manufacturing such as James Dyson and Specsavers who seem to be fans of doing a bit of DIY.

Interestingly, a trend we're beginning to see is that many of these businesses have optimised as much as they can and are beginning to outsource their marketing as they search for ways to maintain the steep growth curves they have grown accustomed to.

Meanwhile, almost in perfect synchrony, those brands which are being disrupted are looking to refresh and transform their businesses and, armed now with greater knowledge, feel confident to explore a bit of DIY for themselves.

Two brothers, William and James, worked with a chemist to develop a new manufacturing process for their product idea which they turned into a global business. They decided to set up their own in-house agency to help with their aggressive expansion plans. 'If you're too slow, someone will get there before you', they were thinking.

Their in-house agency quickly expanded and set up offices in many of the new markets where their products were being sold. After a while, the brothers realised that the experience the agency had gained had become an asset in its own right, similar to Ocado realising that it should sell space on its tech platform alongside its grocery business.

The brothers sold off 49% of the agency so that it could compete in the open market and by the 1960s it was the largest advertising agency in Europe. The name of this agency? Lever International Advertising Services, or LINTAS for short.

William and James Lever started their soap business in 1885 and opened LINTAS in 1899. They eventually sold their remaining 51% stake in 1982. At its peak in the 1960s, 80% of the agency's billings were accounted for by Unilever brands and it was operating in 26 countries.

Today we have Specsavers who do their own work, so taking us back to 1899, and Jaguar Land Rover investing in Spark 44 as a joint venture, so updating the 1930's LINTAS model. Much in-housing of digital content and media is well underway with the likes of Direct Line and Vodafone setting up sizeable in-house teams now that processes are well understood.

The Lever Brothers were obviously huge DIY fans, and it remains to be seen whether any of these newer approaches will last as long as LINTAS did. At the end of the day, whatever makes you most competitive will always be the right way to go. Right now, laying your own patio makes perfect sense for some, but there's always a need for a Chris, Stuart or Vlad to give you that something special that you can't do yourself. To navigate this current cycle of DIY, agencies need to focus on the things that clients simply can't do themselves. ■

Why CMO's pitch and how they choose the winner

by Paul Phillips

A few months ago, I was invited to offer a consultant's perspective to a global agency's leadership team.

In preparation for the talk, I wanted to answer two questions that I thought would be interesting and helpful to the audience:

- **Why do CMO's choose to pitch their business?**
- **When pitching, what are the primary reasons for CMO's picking the winning agency?**

Of course, the decision to pitch and the reasons for an appointment are not the exclusive domain of one individual, so please just recognise the term CMO to be a proxy for all brand owners across marketing, procurement and management who are involved in working with agencies, the decision to review them and the pitch process.

To ensure a global perspective, I enlisted the help of 16 pitch consultants from Europe, Asia, Australasia, South America and the East and West Coasts of the United States, to share their experience of the brands on whose behalf they have worked. And while I don't know the exact number of pitches these consultants have collectively managed, I can say with confidence it's an awful lot.

THE TOP 10 REASONS WHY CMO's PITCH THEIR BUSINESS

In order of strength of sentiment, the reasons given are:

1 **Poor service** – This can manifest itself in many different ways, but it is universally reported as the primary reason why CMO's go to market.

2 **The work's not working** (hard enough for the brand) – If the brand's business isn't performing to expectation, the agency's creative output is often cited as a significant reason why.

3 **A capability gap** – If there's an apparent lack of expertise, this will be the catalyst for brands to undertake a review. Emerging digital media and technology platforms over the last five years have proven a fertile territory for such reviews.

4 **Transparency and a fast-changing media landscape** – This is clearly levelled at media agencies, where complacency and ignorance among CMO's and agencies alike is no longer being tolerated.

5 **Agency team turnover** – Brand owners crave team stability and consistency. The agency that fails to deliver on this is simply bringing forward the day their client calls a pitch.

6 **Fear Of Missing Out (FOMO)** – The pace of change in marketing communications, technology, platforms and data has contributed to a perfect storm of too much choice, leaving brand owners bewildered and bemused. They may already have the right agency resource without necessarily realising it, but they will often pitch their business just in case there's something better out there.

7 **New CMO** – It happens. All agencies have experienced it in their favour (when a former CMO who has changed companies invites them to pitch), and against them (when the previous incumbent has been doing a great job but their replacement calls a pitch). Deal with it.

8 **It's just time** – Sometimes the very strength of the relationship can be the catalyst for change.

9 **Statutory review** – Either for reasons of corporate governance or simply because it's law, there are organisations and government bodies that have no choice but to review all their supplier arrangements periodically, regardless of the contribution made by those suppliers.

10 **Cost** – It was notable that an agency's cost of service was rarely cited as a reason why CMO's review their agency arrangements and, when it was referenced, cost was never the primary motivation.

THE FIVE MOST POPULAR REASONS WHY CMO's CHOSE THE WINNING AGENCY

1 **Fresh thinking and ideas** – This is particularly the case in very mature sectors and business categories, where growth is usually low single digit and very difficult to achieve. Agencies that offer innovative thinking that disrupts category conventions and challenges the status quo will win. It may be clichéd, but it's true.

2 **The team** – Chemistry between the brand and agency teams has been a constant feature in why agencies are selected. It's also just as important that the chemistry between members of the agency team is equally strong and respectful; clients will notice when it's not there.

3 **Expertise** – As more agencies have built services beyond their core skills, so they are being judged against a wider canvas of capability. Where clear and market leading expertise is evident, this will always be considered favourably, particularly in marketing technology, data and specialist digital services.

4 **The work** – Long gone are the days of agencies pitching to a phantom brief, with the winning agency then being given the actual brief on which to work. Brands want to see the answer in the final presentation; they want to buy a version of the work that will run, accepting that agencies are unlikely to nail it creatively at pitch stage. But if an agency comes creatively close, this goes a long way to that agency winning the pitch.

5 **"They get me and they get my business"** – This sentiment has been increasingly cited by CMO's who are looking for a trusted advisor, their go-to person in whom they are prepared to invest time and money.

AND WHAT CAN WE CONCLUDE FROM ALL THIS?

If you're a CMO, the best advice I can offer is for you to consider carefully why you're thinking about pitching the business. Have you got the right agency but are not getting the best out of them? If so a pitch is unlikely to help resolve this. But if you recognise one or more of the 10 reasons cited, then it may be time to give AAR a call.

> The pace of change in marketing communications, technology, platforms and data has contributed to a perfect storm of too much choice, leaving brand owners bewildered and bemused.

And if you're an agency, do all you can to make sure that the reasons for a pitch being called where you are the incumbent are ones that are outside of your control rather than ones you could have foreseen and managed. Easier said than done, I know. ■

Managing disruption calls for creativity, cooperation and better ways of charging

by Paul Phillips

We recently carried out research into the way client/agency models are evolving, prompted by universal interest among brand owners as to whether or not they had the right operating model to help future-proof their business in the face of current disruption.

There's a summary of the research earlier in this edition of Pulse, and if you're interested in reading the complete report, you can download it at **aargroup.co.uk/models/**

Following publication, we've met with many CMO's and their teams to discuss the research findings in more detail, as well as hosting a thought-provoking session with over 60 agency leaders to discuss the issues raised. So with the benefit of a little distance and perspective, I have three observations on the research findings, and reactions to them.

1 Our collective attention has shifted away from creative excellence.

Our industry - brands owners, agencies, media owners, tech platforms and consultancies - has become obsessed with how we do what we do, at the expense of the quality of what we deliver. With all attention apparently focused on operating models, we appear to have collectively lost the focus on the creative excellence that used to drive agencies to produce great work for their clients.

The link between creative excellence and business success is proven. We must give creativity greater attention.

2 Disruption is constant and all around us. We have to manage it all at the same time.

One of the reasons there's been so much talk about new models is the continuous disruption that's taking place. But the operating model is just one element of how brands and agencies are looking to deal with that disruption. In-housing, in-sourcing and out-sourcing capabilities also have a direct impact on the operating model, and their impact on talent recruitment and retention across agencies and brand organisations has yet to play out. An agency's access to first-party data has a huge impact on its ability to add more value. And short-termism across agencies' performance measurement and CMO's job tenure both contribute to the sense of never-ending disruption.

Greater success will come from the visionaries that exist in brands and agencies working more closely together to navigate this continuous disruption. It will be uncomfortable and difficult. But isn't anything that's worth doing well?

3 The value exchange between agencies and clients needs to be recalibrated if agencies are to continue to add value.

The fault lines in a remuneration construct based exclusively on time are increasingly evident and unsustainable. Agencies have maintained and, in some cases, grown their margins through judicious cost management, but the cuts have run pretty deep and there's little opportunity for more meaningful efficiencies without the quality of the offer being seriously compromised. Agencies have to adopt and sell a more dynamic pricing structure that rewards thinking that transforms businesses, and work that commands higher-margin returns. This, in turn, can be balanced by low-margin fees for lower-value services.

It feels like the financial race to the bottom has been run, and there's only one way to go to survive - up. ■

Back from the dead: 10 reasons why the pitch is still with us

by Paul Phillips

In 2018, the small village that is advertising got all over-excited about the death of the pitch.

The eulogies were led by journalists looking for copy and consultants pedaling their version of the "new improved" pitch, the "non-pitch" pitch and, my personal favourite, the "let's not meet the agency before we invite them to pitch" pitch.

Meanwhile, at AAR we quietly went about our business. Our business being, among other things, to run pitches with the willing participation and encouragement of brands looking for agency partners, and agencies super-excited to pitch for these opportunities.

We chose not to comment in the moment (we were too busy pitching) but with the benefit of time to reflect, I thought I'd share what we know about pitching and how it's evolved over the years.

HERE ARE THE 10 THINGS I KNOW – AND THAT I KNOW YOU KNOW – ABOUT PITCHING:

1 Pitching is not dead, nor old fashioned, nor inappropriate, as long as it's run professionally and respectfully to all involved; brands and agencies alike.

2 There are already many flavours of pitch – strategic, creative, with and without RFIs, workshop, chemistry/pitch, deep dives, fireside chats and pitch safaris. The skill comes in employing the most appropriate approach.

3 No brand would, or should, run a media pitch without the necessary due diligence across media pricing, quality, technology capabilities and transparency.

4 Many brands and publicly funded institutions undertake pitches as a matter of corporate governance and best practice. Such pitches are not necessarily as a result of dissatisfaction with the incumbent and, therefore, need to be managed differently.

5 Some opportunities don't require a pitch, such as small-scale projects and pro-bono charity opportunities. Meet some agencies, see their work and make a decision.

6 Any old fool can run a pitch and appoint an agency. But achieving the sort of long-term relationship proven to deliver better work and business outcomes needs a level of skill and insight from those running and participating in the pitch that's not always evident.

7 The strategic consultancies appear to have it right; they'll show work done for others, their methodology and approach as the basis on which the brand has to make a decision. They don't do all the work in the pitch and hope their agency wins so they can get paid for it.

8 Agencies freely admit that pitching is as close as they are going to get to a legal high. It's when they can be at their most potent and persuasive. A pitch will galvanize an agency in a manner that can't be replicated.

9 Pitches are essentially insurance policies – the more reassurance you want, the more involving the pitch is likely to be. And still there are no guarantees. The best-run pitches are not a guarantee of great work that will deliver great business success. And only 26% of work presented in pitches makes it into the target market's living room.

10 If, as an agency, you don't want to participate in a pitch then don't. It's always your choice. And if you're a CMO about to embark on a pitch, work out what it is you want from your agency, then undertake the most appropriate pitch programme that stands the best chance of delivering this. ■

And if you're not sure what to do, give us a call.

Don't wait for a crisis before taking care of trust

by Vicky Gillan

Trust is the most important element of any relationship. It's the firm belief that the other party can and will do the things they've said; everything else flows from there.

According to research we carried out recently among a group of senior marketers who manage more than 150 agency relationships between them, most clients start from a position of trust in their agencies. As one interviewee put it, you wouldn't appoint an agency if you didn't trust them. That means the challenge, once the appointment has been made, is for both agency and client to maintain that trust in order to keep the relationship productive and successful for as long as possible.

> The challenge is for both agency and client to maintain that trust in order to keep the relationship productive and successful for as long as possible.

But in the real world circumstances change, new demands emerge, mistakes are made. Does this mean that trust inevitably ebbs away or, worse still, never recovers from a crisis? The good news, according to our research, is that it doesn't have to.

TRUST MANAGEMENT

In fact, we discovered a number of techniques of what you might call "trust management"; ways of making sure trust is retained or rebuilt in the face of real-world challenges.

The first thing is to be honest. Our interviewees told us their trust in an agency isn't broken by someone making a genuine mistake, but the agency has to own up to it, and ideally present a solution at the same time. Trust will definitely be damaged if the client discovers their agency trying to hide a screw-up, irrespective of its size.

It also means the agency being honest with itself. It has to acknowledge that a mistake slipping through probably means there's a flaw in its processes, so it needs to find that flaw and fix it. And presenting the client with evidence of taking those steps will help restore any loss of trust in a way that an apology alone simply won't.

WARNING SIGNS

We also discovered that there are a number of warning signs for clients, changes in the way their agency behaves that makes them nervous and eats away at their trust. These include simple things like calls not being returned and people not turning up at meetings, right through to costs going up and key staff being replaced.

Trust is questioned when there are changes to senior client or agency leads, but we often find that agencies don't understand how much it bothers clients when the most important people on

their account vanish with little explanation or warning, or without an agreed plan.

But our interviewees also told us that they're prepared to tolerate a bit of organisational sloppiness, particularly from creative agencies, if the work is strong.

There's a difference, though, between the agency being a bit sloppy while coming up with brilliant ideas, and them taking their eye off the ball. That's when the work starts to suffer, which is the biggest warning sign of all.

BE BRAVE

The second thing is to be brave. Our research showed the most important step is to address any warning signs immediately, rather than ignoring them in the hope that the problems will blow over.

The best client/agency relationships work on a regular dialogue, with wash-ups and mutual reviews, which means issues can often be anticipated before they become too serious. Even if there isn't a regular review schedule in place, both client and agency should have the courage to pick up the phone when they realise a problem has arisen or, better still, when they think one might be about to arise. That way they can work through the issues together and agree the immediate solution, before addressing root causes.

It's always difficult to alert the other party in a relationship to a problem – or potential problem – with that relationship. The challenge for us all – client or agency – is to face that difficulty and proactively manage and maintain trust, rather than just trying to rebuild it after a crisis has occurred. ■

The best client/agency relationships work on a regular dialogue, with wash-ups and mutual reviews, which means issues can often be anticipated before they become too serious.

Is goodwill really a good thing?

by Vicky Gillan

Clients have always asked their agencies for favours: a small change to the artwork at the last minute; some help with a slide deck for a big presentation; a minor project that needs a speedy turnaround. Nothing special there, you might think. But at what point do those few favours start to distract the agency from what you really need them to do?

Likewise agencies have always done favours for their clients, assuming they're storing up goodwill for some point in the future when they need a little more time or flexibility in return. But is that how things really work? What if all they achieve by doing a favour is set the expectation that they'll do it again the next time? And the next? And at that point it's not a favour, it's part of the job.

These were the questions that went through my mind when I read the results of our recent research into client/agency relationships. This found that goodwill is seen as being separate from the trust that the two sides have in each other.

- **Agencies show goodwill by going "above and beyond" for the client**
- **Clients show goodwill by stretching deadlines and overlooking mistakes**
- **Both sides say they see it as 'money in the bank'; something which, if built up now, will bring benefits later**

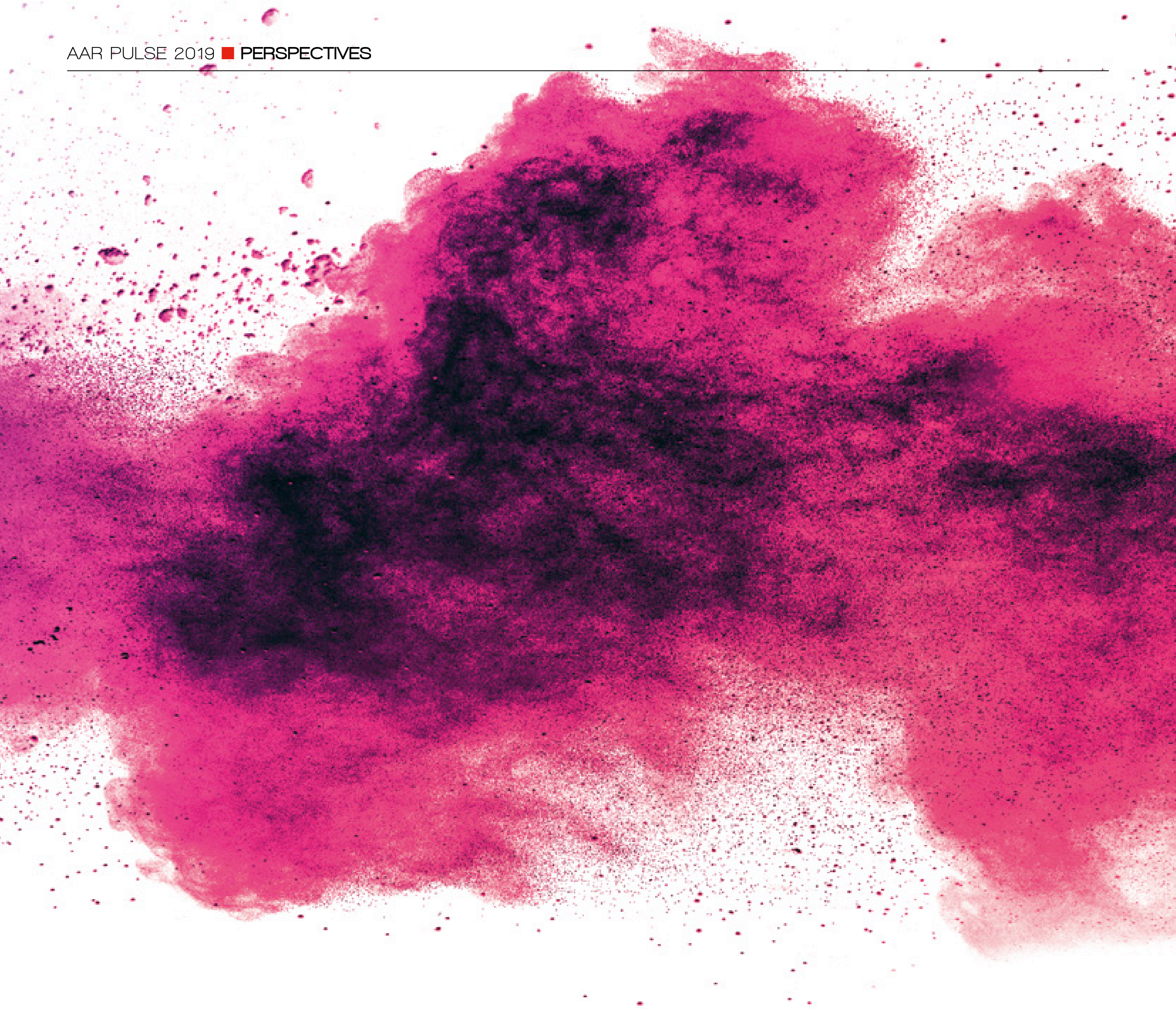
I don't see it like that.

Yes, there will always be favours traded between clients and agencies. It's only human to ask for help and to offer it; and favours are part of what oils the wheels of the client/agency relationship as we all strive to deliver faster, quicker and better results. But my view is that those favours, like everything else in the relationship, need to be discussed and managed properly when considered over time.

Agencies need to manage them to make sure they're delivering value and maintaining their margin; clients because they need to know what their fees are really buying is the best value and return. The risk on both sides is that 'favour culture' masks what's actually going on.

SEPARATING SCOPE-FLEX FROM SCOPE-CREEP

In the moment, it's hard to say no when someone asks for help. Nobody at an agency, particularly at a junior level, wants to refuse a client's request, partly because they don't want to jeopardise the relationship, and partly because they see the chance to earn some goodwill.



I think the important distinction to make is between scope-flex and scope-creep.

Everyone's come across scope-creep; it's the slow, informal expansion of the workload, and one of the common ways this happens is by a one-off favour request becoming a regular expectation. Scope-flex is the natural human tendency to ask for, and offer, help. The trick is to avoid flex turning into creep.

TRANSPARENCY IN ALL THINGS

It's important that any discussions of favours should happen when the heat is off. All staff need to be encouraged to tell their managers when they've done favours, rather than just working late to catch up or moving on. Equally, they need to admit when they've asked for them.

This transparency means that both client and agency know what's really happening. Repeated requests for the same favour can distract the agency from work needed to hit the client's objectives, but they could also be hiding a significant flaw in internal processes that needs to be addressed. By putting recurring favour requests on the agenda for the regular review meetings between client and agency, problems can be uncovered and addressed, and workloads managed, in a calm and measured way.

At this point, client readers might be worrying that this will end up costing them money.

There are two answers to this.

First, you were always going to end up paying anyway the next time you re-negotiated the scope of work. Scope-creep soon materialises into over burn conversations and increased fee requests.

Secondly, and if a request for increased fee materialises then at least an active choice can be made to say 'this is important, this is needed, this is valued – now what's the smartest way of delivering?' But if, on review, you decide these "favours" don't add value then you have a choice and can make out of scope, establish a protocol for handling and communicate to all teams, client and agency, accordingly.

So, while it might seem contrary to the spirit of doing someone a favour, thinking about it in terms of scope-flex and scope-creep means there's still room to accommodate the sudden and unexpected need for one-off help, without either party relying on the somewhat nebulous accountancy of goodwill, or risking those favours masking underlying waste within the relationship. ■

What I learned from an hour with Mark Ritson

by Robin Charney

Forget AI, VR, 3D printing, blockchain and all the other new technologies that marketing commentators tell you are going to change marketing. The only future marketers need to worry about right now is next year. 2019 planning and strategy should be done and dusted by now.

That was one of the key points made by professor, consultant and marketing fundamentalist Mark Ritson in his lecture for the Marketing Academy Foundation in March. AAR was lucky enough to co-sponsor the event.

And Ritson argued the way to succeed in that future is by navigating between competing ideas of purpose and distinctiveness, mass and micro-targeting, traditional and digital. That, and getting some training in what marketing actually involves.

Ritson's basic premise was that marketing – and marketers – are 'f*cked'. Not necessarily damned forever, he said, but certainly a bit 'f*cked' right now. And he suggested five reasons for that: an obsession with new technology; a pre-occupation with the death of everything from brand to marketing as a whole; a belief that marketing training is unnecessary; the rise of brand purpose creating unrealistic expectations of brands; and a fixation with being "digital-first". In fact, if you've got "digital" in your job title you're on borrowed time and should be thinking about how you get out of the digital silo, fast.

He also railed against what he called the communification and tactification of marketing, driven, he argued, by our obsession with digital. So, I also got to learn some new words in his deliciously sweary presentation.

"There are always three steps in thinking about marketing; diagnosis, strategy and tactics," he said. The problem is that the rise of digital has caused marketers to focus on tactics at the expense of research and strategy, and within tactics to focus on communications to the detriment of distribution, product and pricing. The result is that clients don't have strategies – all they have is tactics. Unfortunately, I've seen far too many marketers fall into this trap too many times.

The way to find out whether you have this problem is to apply what Ritson calls "The Four-Beer Test" to your agency. Ask them what they think about your strategy (when they're sober) and they'll tell you how clear and impressive it is. Ply them

> Ritson argued the way to succeed in that future is by navigating between competing ideas of purpose and distinctiveness, mass and micro-targeting, traditional and digital.

with huge amounts of alcohol and after about four pints they'll be telling you your strategy is either non-existent, or a joke.

So he also shared some advice about briefing agencies. You need three things, he said: a strategy, a knowledge that your tactical ideas are shit, and training in briefing agencies properly. Amen!

"I've got £400k is NOT a strategy."

ENOUGH OF THE MIDDLE FINGER, HERE'S THE MIDDLE WAY

Ritson's path out of "the f*ck stuff" is a middle path: for our development, our positioning, our targeting, our tactics, and our focus as marketers. He reiterated his belief that training in marketing makes you a better marketer although, he said, 57% of marketers disagree.

"You need to learn about our discipline. It needs to be respected and studied, and then updated. But we seem to be proud of not being trained."

Don't worry about whether you should focus on brand purpose or distinctiveness, he said; they're both wrong. Concentrate instead on brand meaning; what do you stand for and what do you deliver?

Equally, don't think you need to make a choice between mass-marketing or micro-targeting, the siren calls of Professor Byron Sharp and the Google/Facebook duopoly respectively. You need to do both – sophisticated mass-market campaigns that then focus in on tight targeting for individual products.

And don't think of traditional and digital marketing as separate; "It's not a binary choice, they're just tactics. There is a strategy and that should dictate the tools you use."

Why, he asked, would you set yourself up as a client-side digital marketer?

"Agencies have to specialise, but as a client marketer, why tie one hand behind your back? Digital marketers are missing all the synergy effects. The more you spread your money across platforms the better the results."

Perhaps most importantly, in a marketing world drowning in predictions both positive and negative, he argued against spending too much time thinking about the past or the future. The only way to do marketing, he said, is one year at a time.

It was the best hour I spent in 2018. Now I'm off to change my job title. ■

Don't worry about whether you should focus on brand purpose or distinctiveness. Concentrate instead on brand meaning; what do you stand for and what do you deliver?

For better, but not for worse: why the client:agency relationship isn't like a marriage

by Vicky Gillan

"Marriage is the wrong metaphor for the client/agency relationship; it's more like a harem."

So said Professor Mark Ritson in his provocative Marketing Academy Foundation lecture. His point was that clients need to keep bringing new blood onto their roster to make sure things stay competitive and stop their established agencies from getting complacent. I get that, but otherwise I think Mark is only half right. I agree that agency/client relationships aren't like marriages, but they're not like harems, one-night stands or any other type of interpersonal relationship either.

MANAGING BUSINESS RELATIONSHIPS

At AAR, we describe the different ways clients work with agencies as being like the relationship you might have with your barrister, your interior designer, or your builder (you acknowledge your barrister is an expert and let them get on with their job without interfering; you swap ideas with your interior designer until you get the result you want; and you tell your builder exactly what you want them to do). But crucially, these are all business relationships and they have to be managed as such.

A successful client/agency relationship involves the client setting out exactly what they want, how they're going to measure success and how much they're going to pay for it right from the start, accepting that while things may change in the detail, the overall direction is clear. That way everyone knows where they stand, and both sides can clearly see when things are going well – or less than well – as the relationship progresses.

INCREASING COMPLEXITY

The other thing that makes the dealings between clients and agencies very different to a marriage is that it's not just one relationship; it's several, with multiple layers. As specialisations proliferate and rosters expand, client/agency relationships have become complex matrices, with teams of people over several locations needing new ways of working to deliver effectively and efficiently. More than ever, agencies need to be able to work together, whether that's in a consultative, collaborative or cooperative manner, just as much as they need to be able to work with the client.

FRAMEWORKS

Beyond that, the people on your teams have to be able to work with the people in your agencies' teams. The CMO and the agency head might get along fine, but if it's difficult to get the work done or it's not good enough, then the relationship is failing at some point further down the chain. That needs to be addressed, but talking about it in terms of marriage guidance won't help. Nor will adding to the harem. The problem has to be assessed in terms of the framework set out at the start. And if there have been changes and roles have evolved, the framework needs to be reassessed too and a new one agreed, with the differences articulated to all agencies and all teams at the same time.

The point of a metaphor is to help better understand the thing we're describing. But talking about a business relationship in terms of a personal one misses the point of what good client/agency relationships are all about, which is delivering business results. ■

The AAR team is a tremendous resource, bringing a wealth of expertise connecting clients to a whole spectrum of agency talent. They have a great insider view on aligning the right partnerships for the right brand needs and AAR gives great objective advice along the way.

N BROWN

Trust, tolerance and tenacity: the keys to a long-term relationship

by Paul Phillips

In early 2018, I braved the throng at Advertising Week Europe in central London to join a panel on 'How to build a long-term partnership in a short-term world'.

The objective for every brand's brief is the business results that need to be achieved, and agencies earn their client's trust by playing their part in delivering those results.

The focus was the eight-year relationship between The Brooklyn Brothers, their client Visit Iceland and their Icelandic partner agency Íslenska. We covered a lot of ground but, thinking about it afterwards, there were three things that stayed with me.

TRUST THROUGH DELIVERY

The first was the importance of trust in forging a long-term relationship. The objective for every brand's brief is the business results that need to be achieved, and agencies earn their client's trust by playing their part in delivering those results.

If the agency delivers for its clients, the agency earns permission to get things wrong occasionally. And because mistakes are often a sign of trying something new – because new things don't always work – achieving some early success in delivering on the business objectives means you can try new things later on, knowing that if they don't work you've earned the opportunity to go again.

PEOPLE BUY PEOPLE

My second thought was that the old idea that "people buy people" still holds true, even more so in an AI/VR/programmatic/Alexa world. If a CMO and their team buy into the agency's people, there's a much better chance of the relationship succeeding and, therefore, lasting. If there isn't chemistry and a good cultural fit, working together to deliver results can be much more challenging.

And there's always another agency that can probably do the job just as well, whose people are far more friendly.

But while it's preferable to have a good working relationship with your agency, there's always the exception that proves the rule.

In a pitch for an aggregator site a little while ago, the marketing director's single selection criterion was the strength of the creative idea; to him, nothing else mattered. Advertising was effectively their shop window. In that market, at the time, the model was binary – the brand remembered from TV the night before was the brand Googled the morning after.

For this marketing director, getting on with the agency team was a nice to have, but getting great work that delivered against the business objectives was a must have. He was prepared to endure a more challenging working relationship if that's what it took to get standout effective creative work.

I don't believe a good relationship with the marketing director in and of itself will help an agency scale the creative heights but, once again, if the previous work has delivered, that will encourage the marketing director to suck up any pain involved in getting there.

ALL THINGS MUST PASS

All this led me to my third thought, which is that no matter what we do in the world of marketing communications, all relationships are transient. All the goodwill developed between brand and agency evaporates at the CMO's leaving drinks.

The 'trust-o-meter' is reset to zero and the agency has to prove themselves to the new Chief Marketing Officer: a Chief Marketing Officer who will have in the back of their mind the great relationship they had with a different agency in their previous job.

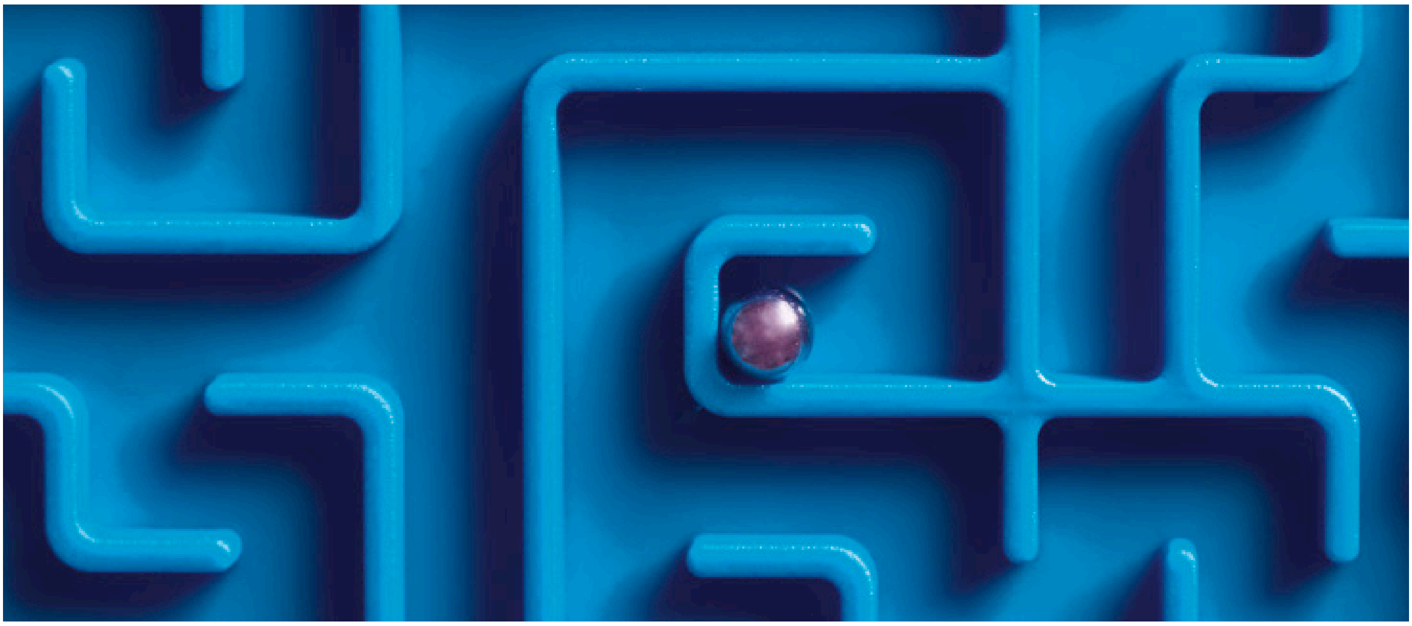
Brands change their agencies far more often than they change other professional advisers; their lawyers for example, or their accountants or auditors.

The impact marketing services providers can have on the fortunes of the business is much more tangible, which may explain why the temptation to change is so much greater. It might well improve things, and at least it's a demonstration of having tried something. But all the evidence indicates that brands enjoy better business results from long-standing relationships with their agencies.

REASONS TO REVIEW

At AAR we've seen that there are four main reasons for brands reviewing their agency: a statutory requirement to do so; a new need (wanting to use a specialist agency, for example); a new CMO coming into post; and general dissatisfaction. In three-quarters of the reviews we handle, dissatisfaction is cited as the primary reason for the review, which brings us back to where we started.

For CMO's, a successful relationship is one that delivers results. For agencies, too often a great relationship is success in itself. ■



Build a culture of curiosity to retain clients

by Tony Spong

I became curious about curiosity when I came across a nice article in the Guardian that pointed out how unhelpful the expression 'curiosity killed the cat' was to children's development. Why would you want to encourage someone to be less curious?

When my young nephew comes to stay, he frequently wakes me up at 7am (my wife provides the essential tea and custard creams) to ask me all his burning questions; why this and why that. There is nothing nicer, I feel, than watching a brain grow. Indeed, in the first 90 days of life, our brains double in size, filled with all those first experiences.

Just think of all the things that wouldn't have been invented, created or discovered without curiosity. The benefits created by inquisitive minds are all around us, from boiled egg and soldiers to the technology we use to send a probe to the sun. Research is emerging that reveals there is a wide range of benefits not only to the individual but also to organisations.

CURIOUS PEOPLE ASK QUESTIONS

A recent study by Dr Maria Kangas, Associate Professor of Psychology at Macquarie University, Sydney has identified that, at a basic level, "curiosity promotes an openness to unfamiliar experiences and information. Curious people ask questions, they read more and, in doing so, significantly broaden their horizons. At a minimum that has a huge impact on the way we learn and remember".

Indeed, she goes on to say that curiosity has been found to have an enormous impact on memory. If your curiosity is engaged, not only will you better remember the subject of your inquiry, you'll also absorb significantly more peripheral information without even consciously paying attention to it. Think of all the times you have researched something and then heard that word, seen that car, dress, or phone and wondered why you had never noticed them so vividly before.

Curiosity was also found to have potential in enhancing interpersonal bonding experiences. "Curious people connect with others on a deeper level, including strangers," says Dr Kangas. "They ask questions, then actively listen and absorb instead of just waiting for their turn to speak. The result is they become more empathetic and better able to understand and accept different viewpoints."

New research published in the recent **Harvard Business Review** - https://hbr.org/2018/09/curiosity - also shows that curiosity is absolutely vital to the performance of an organisation. When we are curious, we view tough situations far more creatively, and we're less defensive and significantly less stressed. All of these elements lead to improved group performance.

DOVETAILS WITH RECENT RESEARCH

This dovetails nicely with some research we have undertaken, more of which is covered earlier in this copy of Pulse. I have written in the past about a growing concern for the diminishing investment ▸

in the role of account management and how that's affected agencies' ability to retain clients' business. In response we co-created, with agency leaders, a list of five key attributes of an account manager – leadership, passion, entrepreneurship, curiosity and the ability to collaborate – and we were keen to get these validated by clients.

And here's the thing. The overwhelming outcome was that curiosity, above all the others, was seen as the foundation stone. Now we have something to build on that instinctively feels focused and valuable to the role.

All the client comments were affirmative. They said curiosity sounded incredibly positive and forward-looking:

"Supportiveness and curiosity is a winning combination."

They felt it tapped into a number of positive emotions and associations, and by-passed cliché and lack of specificity:

"You need curiosity to be innovative, but just being innovative could sound a bit gimmicky."

They thought it suggested on-going dynamism, looking out for the new ideas and not being complacent:

"Means you are pondering things and not satisfied."

"Wanting to interrogate stuff, to be interested, rather than just accepting everything we say."

And they saw it as a desire to go deeper, which is often true of the best creative brains (and everyone aspires to creativity). But they felt it could also be a desire to deliver the best of the agency:

"This means they can unlock other areas of the agency for you that are relevant to your challenges."

REAL BARRIER

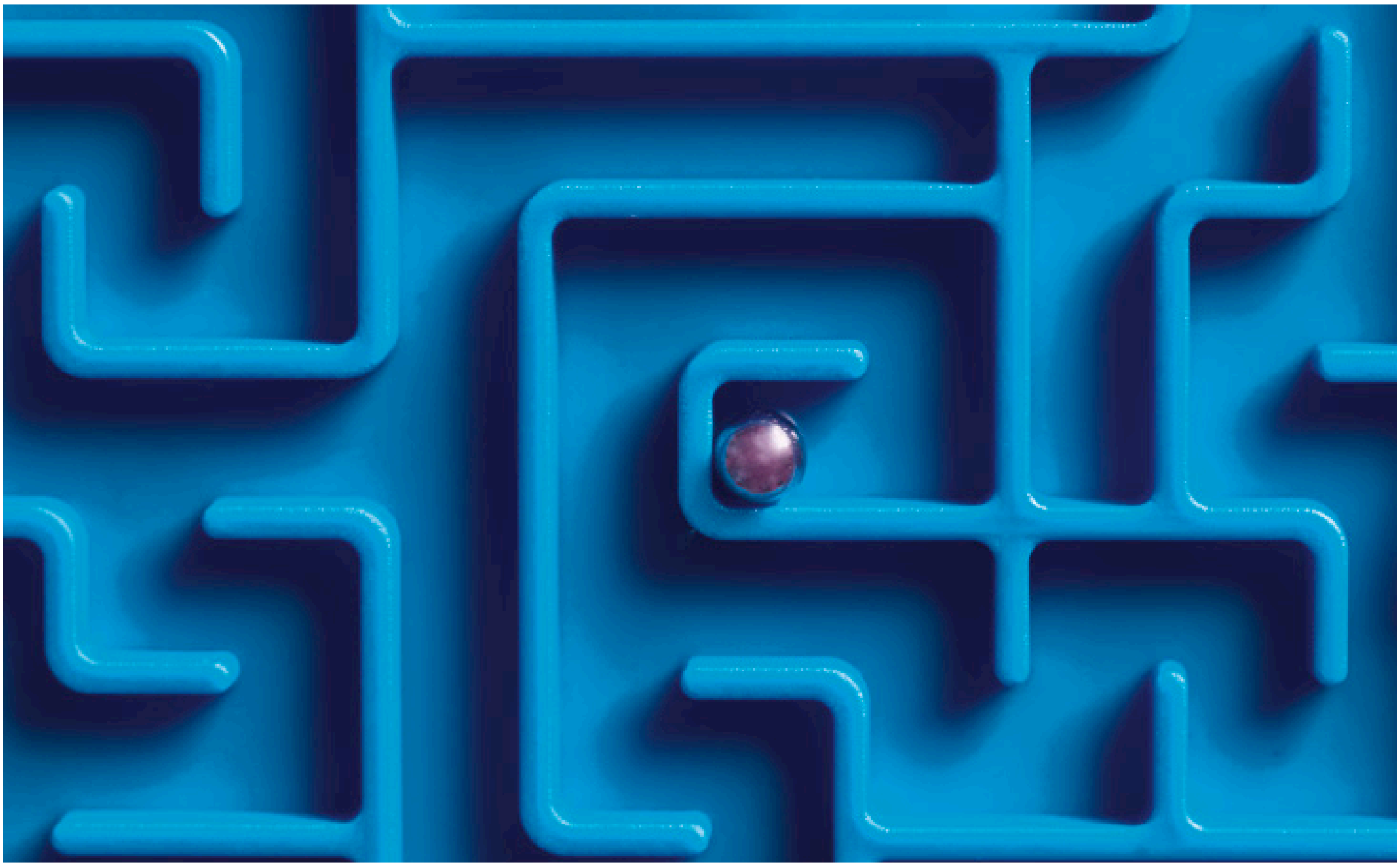
Despite the well-established benefits of curiosity, the Harvard Business Review found that organisations are set up more often to discourage it than nurture it. This is because leaders often think that letting employees follow their curiosity will lead to a costly mess.

They fear the organisation will be harder to manage if people are allowed to follow their interests. This mindset is a real barrier to unlocking the power of employees to question the status quo and come up with better ideas to drive commercial performance.

> Just think of all the things that wouldn't have been invented, created or discovered without curiosity.

If we look at Henry Ford's well-documented obsession with efficiency, we see that over time his company was exposed to competition from those that explored how different types of cars could be made, other than the standard one-size-fits-all Model T Ford.

Our conclusion is that if we can develop a culture of curiosity within the account management team, focused on the client's business, we will not only engender a value in the role that has been eroded over recent years, but also start to attract the type of talent that will help to grow the client's and the agency's business. ■



What agencies can learn from the tapas revolution

by Tony Spong

I'm sure we all have a friend who chooses the same dish every time they go to a curry house, while another will try the thing they've never had before. It's funny how what one person sees as a risk another sees as an adventure.

Feeling safe and secure is a fundamental human need and, more often than not, the way we navigate menus is based on this. But another human need is to grow and develop, to seek variety and thus enrich our lives; the polar opposite of feeling secure. Not surprisingly, how we deal with the tension this creates is one of the things that defines our lives.

SHARING REDUCES RISK

One of the reasons the tapas format of small sharing plates has worked so well for restaurants is because it gives customers a low-risk "mini-adventure". The plates are small and you're encouraged to share; if you don't like the dish someone else in your party probably will, so you can order another without feeling guilty. The risk of disappointment is low, so diners get the certainty of a good meal, while at the same time they're encouraged to let go of what is known and certain, and enter a new world of possibilities.

It's pretty hard to get food wrong these days but what about situations where we are totally outside our comfort zone and have little or no past experience to call upon?

A TREND TO BIG SHIFTS

At AAR, we're currently seeing a steady flow of clients who are doing things for the first time, or for the first time in a long time. These include big shifts in business strategy, digital transformation, new product development or brand strategy upstream of communications.

Perhaps it's no surprise to see agencies respond by reviewing their propositions and rewriting their narrative. They range from a simple tweak to something completely new. This month alone, I've met a 'new' agency being formed from three existing ones, an agency looking to open in London and one wanting a market overview to help fine-tune their story for today's context.

But the big change that all agencies need to make is to think more about tapas. When clients are taking big steps outside their comfort zones, agencies need to be there to help them take low-risk mini-adventures. They need to present things in a non-threatening way, balancing the client's need to feel secure with the need for variety to grow – be that as a person, as a business or, indeed, both.

WHAT IS THE CLIENT REALLY FEELING?

Agencies too often forget what their audience is really feeling. They need to get better at unlocking what level of risk clients are comfortable with and managing communications with them accordingly. One agency I know does this by showing prospective clients where other clients are with their thinking in the relevant area. Because the ones they choose aren't particularly advanced, the prospective client is reassured they haven't fallen too far behind, and sees the next step as less of a risk. Clients need to be more open as well. By being clear what they don't know or are feeling nervous about, they can help agencies prepare the right selection of 'dishes' for them to taste.

The key here is trust. Clients don't want to seem vulnerable, because they're worried that if they do, they might be taken for a ride. At this stage, agencies need to shift the balance further towards reducing the perceived risk. Then, when the client is feeling more comfortable, they can start to show them a wider range of options. After all, if four of your tapas choices are familiar, you're more likely to try something new for the fifth. ■

AAR in 2019

Core and senior management seminar programmes 2019

by Tony Spong

First of all, thank you for all your feedback during the 2018 seminar season. It's great to see that each of our seminars scored over 4 out of a maximum of 5; we are really pleased that you find them so useful.

Our aim, as always, is to continue to search for fresh perspectives on new business skills, growing existing client relationships and dissecting hot topics of the day; giving you more of what you want as well as something unexpected.

We conducted quite a bit of research in 2018, as you will have read elsewhere, so we will not only continue to socialise our findings but also to pull some of the key themes through into some practical sessions for 2019.

Fundamentally, clients are wanting to transform how they work with agencies, so we have two new seminars being delivered by clients who will share their perspectives around strategic partnerships and what agency account leads need to be more curious about.

> Totally unexpected but thoroughly enjoyable and, importantly, useful. Really want to take this back to the agency.

> A genuinely fresh perspective to help unlock some of the frustrations clients are feeling.

As you know, we are passionate about re-building the account management function and have a number of seminars focused in this area from organisational structures to behaviours but, most importantly, how it complements and works with other agency roles.

We'll also be looking to explore what lies at the heart of a good entrepreneur with Stephen Chandler, as well as taking a step back to look at the role of social media in agency marketing now that it's been around for a few years with Martin Thomas.

Full details of our 2019 programmes can be found opposite. We tend to open up bookings three week's before each seminar, so if there are any on which you are particularly keen, keep your eyes peeled for an announcement.

Please remember that your AAR subscription entitles you to one place at each of the seminars, but we are happy to keep a reserve list if the content is very current in your agency, so it always helps to plan ahead and think of who would benefit the most from each seminar and pencil that in their diaries now. ■

> Challenging topic. Good discussion and debate with peers Would highly recommend to colleagues.

CORE SEMINAR PROGRAMME 2019

30 January
Presenting with impact
Tessa Morton

27 February NEW
Putting curiosity at the heart of account management
Paul Burns

27 March
Developing your future leaders
Emma Shelton-Smith and Carole Lowe

15 May NEW
So what have we learned about social media?
Martin Thomas

12 June
A rather unexpected way to retain business
Tim Smale

9 October NEW
The eight traits of a good entrepreneur
Stephen Chandler

13 November
Building a culture of curiosity
Vicky Gillan & Tony Spong

SENIOR MANAGEMENT PROGRAMME 2019

Dates for our Senior Management Seminars throughout 2019 are as follows:

- **20 March** NEW
  What do clients want from a strategic partnership?
  Abigail Dixon
- **5 June - TBC**
- **2 October** NEW
  'Redefining the role of the client account lead
  Joanna Howes
- **20 November - TBC**

All of the core and senior management sessions are recognised by both the Institute of Direct and Digital Marketing and the Institute of Practitioners in Advertising as contributing to the Continuous Professional Development Award Scheme.

Business development apprenticeship

by Martin Jones

Since 2012, we've been running our Business Development Apprenticeship courses and have now seen almost 250 new business people "graduate".

The course is aimed at agency people who are entering the world of new business for the first time. Over five consecutive weeks, apprentices form competitive pitch teams and look at everything through the eyes of a potential client.

As in previous years, apprentices were asked to come up with a name for their "agency" team, as well as positioning. 2018 witnessed the births of Full Circle, Fusion, Hatching, Ascend, Eleven, Staarfish and The Fifth.

The agency teams were taught about various elements of new business including how to take a more proactive approach rather than simply waiting for the phone to ring, how to complete an RFI and what to do in a Chemistry Meeting, all backed up with stories and anecdotes from various AAR Business Directors.

The teams were asked to demonstrate how they would pitch for a prospective client, the Alzheimer's Society, by completing an RFI and participating in a Chemistry Meeting.

> I really enjoyed the training course, especially working with other students as an 'agency' - it added a very practical dimension to learning all about new business.

> I would wholly recommend the course to anyone getting started in new business. I've learnt things I will use for the rest of my career.

When it came to participating in the Chemistry Meetings, all the factors that affect meetings in 'real life' – plentiful rehearsal, coming across as a team – influenced how successfully the teams performed. We were delighted to have real life clients representing each charity in order to make it as realistic as possible, and considering that nobody in any of the teams had any experience of Chemistry Meetings, the standards were pleasingly high.

Each team was given feedback on their Chemistry Meeting, enabling them to see and hear what others had done, reminding them that new business is invariably a comparative process.

Hopefully all the participants found it a useful introduction to the world of new business and we look forward to seeing some, if not all of them, in real life pitch situations in the coming years.

We will be holding two courses in 2019, so if you have any colleagues who are new to new business and could benefit from a basic introduction to the world of business development, please don't hesitate to get in touch. ■

> Our team members really benefited from a deeper understanding around business development and the rigor that sits behind the process.

COURSE DATES FOR 2019

SPRING COURSE

26 February – 26 March

AUTUMN COURSE

17 September – 15 October

Location:

The House of St Barnabas, 1 Greek Street, Soho, London W1D 4NQ

Maximum of 16 places available

For further information or to book a place, please contact Kit on **KConnolly@aargroup.co.uk**.

About us

Who we are

AAR is a management consultancy that specialises in helping brands establish and manage modern marketing and innovation partnerships. We work with those seeking to appoint partners to deliver brand management, PR, communications and advertising, media management, digital and business transformation.

We work with marketing and innovation teams to help them make the right decisions in choosing new partners. Typical marketing briefs include consultancy in the appointment of new agency partners, roster rationalisation, agency model evaluations, benchmarking fees, and help delivering more effective working partnerships. In our innovation practice typical briefs include helping brands find partners to drive growth and deliver business transformation.

Established in 1975, we were the first intermediary in the world and have pioneered best practice for over four decades. We remain the leading consultancy in the marketplace.

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■ **Vicky Gillan**
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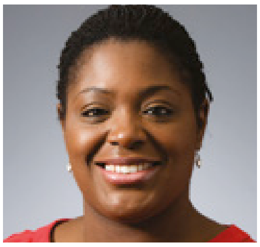
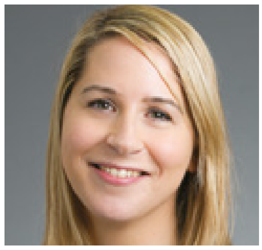
vgillan@aargroup.co.uk


Alex Young


Ann-Marie Thompson


Kate Donaldson


Katrina Law


Kit Connolly


Kerry Glazer


Maria Farrell


Martin Jones


Michelle Eggelton


Paul Phillips


Robin Charney


Tony Spong


Vicky Gillan

We are so pleased we chose to work with AAR to search for a new lead creative agency for World Vision UK. The team at AAR really took the time to understand the journey we are on and the step change we wanted to achieve both in the way we work internally and how our brand is perceived externally.

Thank you AAR for meeting our brief, timelines and ultimately introducing us to the right lead creative agency for us at this moment in time. We are excited by what together we might achieve for the world's most vulnerable children.

WORLD VISION UK

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The Experts in
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