
Parting with your agency – some things to think about

If an existing relationship with an agency needs to end - whether it be as a result of a change in business need, sub-standard performance or the loss at re-pitch - then the outgoing relationship and contract termination needs to be actively and carefully managed.

Break-ups are very rarely advantageous to an agency and usually cause real business heartache such as redundancies, share price fluctuation or operational change.

'Managing out' is a delicate and complicated process of protecting the rights and reputations of both parties.

TRANSFER OF RIGHTS/LICENSES

Your current agency partner may hold Intellectual Property Rights (IPRs), licences and confidential information. Whilst 99% of agencies will behave professionally where this is concerned, any difficulties in securing existing material and work in progress can be compounded if the relationship becomes strained as a result of poor management or insensitivity. There may be, at the very least, delays in securing the rights, adding to bad feelings and cost.

TERMS OF TERMINATION

If there is a formal written contract, the termination clause needs to be adhered to. If there is no written contract, then it is down to a fair and equitable negotiation between you and your agency partner.

The ISBA/CIPS/IPA model contract defines the terms and process of termination and is a useful resource. As the reasons for the ending of a relationship can vary enormously, the most important element to build into a termination is flexibility. We strongly recommend that you use the ISBA/CIPS/IPA model contract as the basis for your negotiation, with specific terms dependent upon the practicalities and nature of your current relationship and 'business as usual' requirements.

REPUTATION

It is important to remember that your reputation may suffer if the process is badly handled and the incumbent agency is treated poorly. Embarking on a new agency relationship is already time-consuming and costly, however simply you approach it. This can be exacerbated if the circumstances of the termination with the incumbent are not fair and equitable.

It can also affect your ability to attract other agencies.

We recommend that you debrief your current agency partner to explain exactly why they lost the business and how the agency will be managed out of their relationship with you.

MEASUREMENT

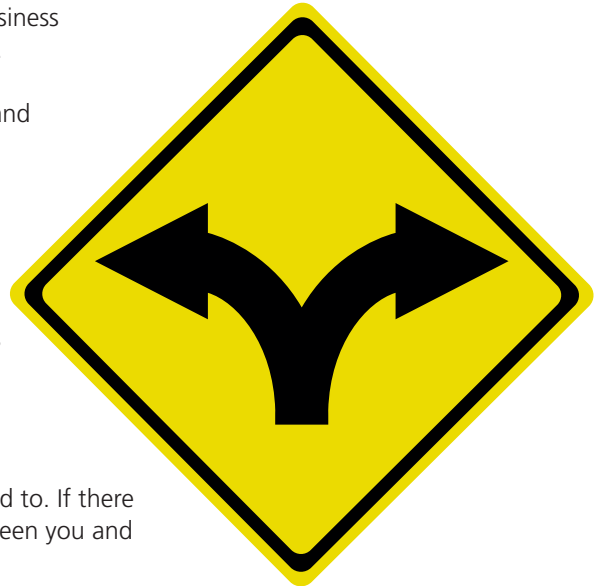
Monitoring performance over the contract period provides the evidence upon which balanced conclusions can be drawn. Regular and consistent appraisals can focus attention on good performance, providing part of the basis of Key Performance Indicators and Payment by Results criteria. Equally, evidence of poor performance enables decisions regarding termination to be taken with integrity. In addition, pitch evaluation criteria and process should also provide objective evidence that can be useful in managing out your current partner.

PARALLEL RUNNING

To safeguard any work in progress from being adversely affected by a change in agency mid-campaign, there may be a need for a period of parallel running with the incumbent agency and the new 'pitch-winning' agency. This may cost you more but will ensure a smooth hand-over period.

NOTICE PERIOD

The usual notice period for termination in contracts is three to six months. If no notice period has been agreed in advance, three to six months is a fair basis for your negotiations. ■



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