FINDING AN AGENCY

A BEST PRACTICE GUIDE TO AGENCY SEARCH AND SELECTION FROM 4As MALAYSIA AND R3

INTRODUCTION

Marketers such as Unilever, General Electric, and Ford are recognized for maintaining relationships of over seventy years with their agencies. And while almost all marketers aspire to build long-lasting relationships like these with their agency partners, the evolving marketer agency landscape and increasing business demands give rise to marketers re-thinking about their relationships. R3's most recent Agency Scope study revealed that over 30% of marketers worldwide are considering or have already decided to change agency partners.

Effective relationship management extends well beyond the pitch, encompassing everything from setting measurement frameworks to remuneration models. However, the client-agency partnership truly begins during the pitch process, and with the rapid shift in the marketing landscape and consumer expectations, the agency review process needs to undergo a strategic shift as well.

This White Paper from marketing consultancy R3 and 4As Malaysia is designed to give marketers and their agencies some insight into these important questions:

- How have your needs as a marketer evolved and how does that change the kind of agency you need?
- What is the best agency model for your needs?
- What are all the moving parts that need to be taken into account when organizing an agency review process?
- What are the costs that should be weighed before deciding to conduct an agency search?

What follows are best practice guidelines that can help marketers plan and execute more productive agency reviews that lead to stronger client- agency partnerships.

This report is designed to start rather than end a dialog. If you have your own views and issues on agency reviews, we welcome hearing about them via our contact page at www.rthree.com

THE EVOLVING WORLD OF MARKETING SERVICES IN MALAYSIA

A decade ago, when marketers spoke about agency search, the focus was usually on selecting an advertising agency. Traditional advertising was where most of the “action” was with creative and media agencies taking center stage. However, since that time, there has been a sea change in how we view advertising agencies and the broader marketing services agency world, and in Malaysia, the primary driver behind these changes are shifting consumer dynamics and the rapid rise of mobile.

Malaysia is a unique country among the burgeoning economies of South East Asia for two reasons: their young population and ethnic diversity. Traditional media and mass advertising just simply won’t be as effective for a consumer base where nearly half the population is under 30 and made up of several unique ethnic groups. Malaysians are leading increasingly more digital lives, spending nearly 8.5 hours every day in 2015 consuming digital media, with 3.65 of those hours being on a mobile device[1]. Mobile video has also experienced unprecedented boom, with a 532% growth rate from 2012 to 2014 alone in mobile and tablet viewing[2]. With close to 19 million social media users online, the Malaysian social media penetration rate of 64% is second only to Singapore in the region[3]. With the smartphone penetration rate only set to rise, the shift to becoming a mobile-centric society has only just begun.

Like nearly every other market in the world, the ad tech and mar tech ecosystems are expanding at break neck speed in Malaysia, and agencies will no doubt be aggressively perusing acquisitions to ensure they have the technology stack to keep up with marketer’s demands. This growth of integrated, multi-channel communications and specialized, “non-traditional” agency services, paired with increased focus on maximizing the efficiency and effectiveness of media spends, has resulted in more marketers re-thinking the respective roles of their agency partners. Several big marketers in Malaysia have put their agency relationships into review in the past year as they search for new partners across all marketing disciplines that are better able to address their ever-more complex needs in such a diverse market.

Many of the high-profile reviews, like the Malaysia Airlines media pitch called in March of 2016, serve to highlight the constant evolution of the agency model in Malaysia. The outcome of the pitch also reinforced the increasing importance of social, with the airline appointing one agency to handle social media only, and another to handle paid media and strategy.

1. Global Web Index, 2015
2. Ooyala Global Video Index Report, 2014
3. We Are Social data, 2014

WHAT PRECIPTATES AN AGENCY REVIEW?

In addition to the complex world of today's marketing communication and agency landscape just mentioned, the following are common reasons marketers give for conducting an agency review:

CAPABILITY DRIVEN

- The agency is not able to meet the client's service requirements—e.g., failure to correct unfavorable performance measures, inability to deliver an effective creative product, perceived lack of necessary skills sets or disciplines, etc.
- There is a loss of confidence in the agency by critical constituencies such as client senior management, dealers, licensees, venture partners, or others.
- There has been poor stewardship of the client's marketing Ringgit
- A new marketing initiative is undertaken that requires capabilities not provided by the existing agency. For example, a marketer plans a new direct response program, but the incumbent agency does not have those capabilities.
- A marketer that has handled its advertising (or other marketing communications needs) in-house determines that it requires outside agency resources.

NEEDS DRIVEN

- Strategic disagreements between a client and its agency on fundamental business or brand issues. If the client and agency are at an impasse on a basic strategic direction, there may be no alternative to parting company.
- A start-up company or venture requires a start-up agency relationship.
- A new enterprise is formed or the client develops a new product or service that the current agency is ill-equipped to handle.

PEOPLE DRIVEN

- There are fundamental concerns with the agency team members and their lack of "chemistry" with the client—i.e., it's a marriage that's just gone sour and is viewed to be irreparable.
- A new CMO wants his or her "own agency" and fires the incumbent

OTHER REASONS:

- An account conflict emerges based on a merger involving either the marketer or the agency. Or, alternatively, the agency resigns the account.
- The company relocates its offices and desires an agency in closer geographic proximity to its new home.
- The current agency goes out of business.

CASE STUDY: WHY MYANMAR'S LEADING TELCO DECIDED TO CALL A PITCH

As Myanmar was opening up and moving forward, their leading telecommunications company decided that they need new agency partners to bring them to a higher level of marketing sophistication. They called a pitch from the creative, media, digital and PR disciplines, and widened the search to the Indo-china region to ensure that the best-in-class agency partners were found. A rigorous process was put in place, establishing strong engagement with stakeholders across departments and functions to cover their pain points, needs and wants. As a result, they had a seamless and transparent process in the emerging market that culminated in the appointment of four new agencies.

THINK TWICE BEFORE UNDERTAKING AN AGENCY SEARCH

Unlike other sectors, the marketing services sector is a labour based business, time is money. Participating in tenders in itself is a resource intensive process where tenderers are investing significant manhours with a relatively low chance of success.
As buyer of the service, advertisers should consider and communicate clearly their intent for imposing any further costs. Anything that is not reasonable will in itself eliminate the most professional agencies in the market.

Before undertaking a full-blown agency search, the marketer should be absolutely certain that one is warranted. Reviews are often unnecessary if there are problems in an existing agency relationship that can be realistically addressed. It is usually preferable to devote the time and effort required to fix a broken agency relationship than it is to commit to the undertaking of finding a new agency. An agency review can be potentially problematic for a variety of reasons:

1 COSTS TO THE MARKETER

Typically, there are substantial out-of-pocket costs—travel, research, search consultant fees, etc.—required to conduct a thorough review process. There are also opportunity costs that are often overlooked and result from a search taking up a significant amount of client personnel time that potentially could be expended in more productive ways. (A typical agency search will eat up hundreds of hours and can take 12 to 16 weeks to complete).

2 DISRUPTIONS OF MARKETING COMMUNICATIONS

Every hour your current agency spends defending its business is time siphoned away from thinking about your ongoing marketing issues. Also, a new agency may have time-consuming "growing pains" as it gets up to speed on your business.

3 MASKING OF PROBLEMS

If an agency search goes forward without a good-faith effort to determine the root causes that precipitated the review in the first place, the marketer may inadvertently bring the same problems into the new relationship.

4 DAMAGING SIGNALS CAN BE SENT

Conducting a review can send signals to internal and external constituencies that something is amiss in the client organization or in its relationships with its marketing partners. Be sure to think about all the unintended consequences that could result from an agency search:

- The search may create dissention within the client organization.
- The search could generate unfavorable coverage in the press.
- Other agency marketing partners may be demoral ized or threatened.
- Competitors may pick up signals that they can use to their advantage.

With all of the above in mind, a marketer would be wise not to jump into an agency review process until it (and the incumbent agency) has had a thorough airing of the respective expectations for each party in the relationship, and until the incumbent has been given a reasonable opportunity to correct and deficiencies relative to those expectations. If the marketer decides that the benefits of hiring a new agency outweigh the benefits of staying with an existing one, a thorough examination of why the incumbent relationship has deteriorated enough to warrant a review will prevent mistakes from being made in any future agency relationships. It's rarely the case that fault lies with one partner in a client/agency relationship. In order to forge a successful new agency relationship, the client needs to be introspective and honest about its own role in the demise of the incumbent relationship.

A ROBUST AGENCY REVIEW PROCESS

	PROVEN PITCH PROCESS	THE TASK	THE OUTCOME
1	**CLIENT NEEDS ASSESMENT** Detailed needs analysis Tailored approach	Understanding the business challenge and aligning on roles of the different agencies	• Clear Agency Search Brief • Set Expectations on Agency Model and job description
2A	**LONG LIST** A whole world of possibilities A long list of agency choices	Researching about potential agencies who would meet the requirements	• SWOT analysis and quantitative scoring of long list • Decision on shortlist for Agencies to go to next stage
2B	**RFI** Request for information from agencies on the long list	• Agencies to provide their credentials, track records, case studies • Client to analyze the submissions	• Scoring and Evaluation report of agency track record, operational health, relevant experience and team structure • Decision of Short List to next stage
3	**CHEMISTRY MEETING** 1st face to face meeting with the shortlisted agencies	• Meeting agencies face to face to better understand their offering • Seeking clarifications from written submission	• Gauging chemistry with the agencies • Reviewing agency team dynamics • Decision of Short List to next stage
4	**PITCH CHALLENGE** Evaluating the Pitch Challenge Response	• Evaluate agencies based on the challenge response • Review of agency's strategic approach and creative thinking to a challenge.	Final agency selection
5	**FEE ANALYSIS** Setting compensation and incentive structures	• Analyze and benchmark remuneration model and resource allocation • Developing incentive structure • Contract negotiations	Final fee and contract finalization
6	**AGENCY SELECTION**	• Selection of most suitable agency • Providing feedback to all shortlisted agencies	• Announcement of the winning agency • Transition to new agency

CASE STUDY:
WHY INDONESIA'S LARGEST ADVERTISER DECIDED TO EXAMINE THEIR EXISTING AGENCY RELATIONSHIPS

Indonesia's largest advertiser wanted to ensure they were partnering with the best agencies in a sustainable way, against market challenges of high inflation and market scarcity. In a highly dynamic growth market, clients and agencies face daily challenges of speed-to-market and talent volatility, so identifying the right agency partners is just the beginning. There must be a framework in place to align client and agency goals, and they put a process in place to evaluate agencies every six months, in order to avoid masking relationship problems over time as the business grew.

STAGE 1 THE INTERNAL NEEDS ANALYSIS

Once the decision is made to conduct an agency search, there are a number of matters that must be taken into consideration before the search can commence: costs to the marketer, interruption of marketing communications, the potential of jumping into a search process and ignoring the underlying problems that precipitated the search, potential damage to the marketer's reputation, whether or not to hire a professional search consultant, identifying and freeing up the time of an agency search team, establishing a search architecture and timetable, thinking through the marketing budget and agency compensation parameters, formulating a tight agency scope of work, establishing precise agency screening and selection criteria, and working out internal and external communication strategies as they relate to the search process.

All these matters must be sorted through before a search process can commence and before there can be any outreach to potential agency contenders.

The very first step is to decide the agency model that is most suitable for agency need.

PROCESS TO ARRIVE AT AGENCY MODEL

Market Study and Industry Best Practices (external)

→ LEARNINGS FOR CLIENT

Needs Assessment Interviews with all key stakeholders (internal)

→ STRATEGIC PRIORITIES

Needs Assessment Surveys

1. Existing agency relationship
2. Challenges
3. Future needs and requirement

→ STAKEHOLDER LEVEL NEEDS

→ AGENCY PERFORMANCE

OUTCOMES:

- Confirmation of objectives and requirements
- Agency Alignment Model
- View of 'ideal agency'
- Final Agency long List and making contacts
- Plan to operationalize the model

THE FIRST ORDER OF BUSINESS- ESTABLISHING THE TEAM

To begin the search process, a committee or a team of client executives who will be responsible for the process needs to be identified. Typically, this is a team of as few as three or as many as eight or so individuals who will have a stake in the future agency relationship. Generally, they are selected because they have some particular expertise that will be helpful to the process. These individuals also need to have the time and commitment required to actively participate in the process (which can take three or more months). As for the size of the team, good judgment should prevail. It is critical to have the participation of key internal constituents who will interact with the new agency. However, when it comes to committees, bigger is not necessarily better.

Once established, the search team will need to select a leader or point person to oversee the entire process. This person will lead the search, call and chair the meetings, document the decision making, report on progress to senior management, define individual team member roles, manage the timetable and field agency and press inquiries.

The team leader could be the person who originally championed the decision to conduct the agency search and/or the person who is best qualified to oversee the process. The could be a vice president of marketing or advertising, a procurement executive who has responsibility for sourcing agency partners, or a senior brand person who will be the agency's primary point of contact. If the decision was made to hire a professional search consultant to assist with the search, then the consultant could also potentially serve as the team leader.

Most frequently this agency search committee is expanded in the last stage of the search to become the agency selection committee that will make the ultimate decision after the finalist agency presentations are made. This expanded committee generally includes the entire search team plus a handful of senior client executives such as division heads, the company president, the COO, senior procurement personnel, etc.

While the 2016 Malaysia Airline review was ongoing, there was change at the organization leadership with the CEO stepping down. Usually a change in leadership at the top leads to a review of business priorities – which would mean a change in expectations from the agencies. It's important such transitions are managed well by the clients so that agencies are reassured of their role.

HIRING A SEARCH CONSULTANT

Once the marketer has decided to conduct an agency search, a fundamental decision needs to be made as to whether or not a professional search consultant should be hired to assist with the process. There are three typical reasons why a marketer hires a search consultant:

1

The client marketer does not have the internal resources to devote the time required to conduct a thorough, professional search process. Most marketers run a lean operation. Many just don't have resources for this purpose, and prefer to keep focused on critical ongoing client business activities. A professional search consultant will have proven turnkey processes the marketer can employ instead of taking the time to create their own.

2 The marketer doesn't have the expertise to conduct a professional search process or the depth of knowledge of the marketing agency landscape to be confident that they can conduct a professional process on their own. The latter is an increasing concern to some, as the marketing agency landscape has changed so rapidly in the wake of the emerging communication technologies. If a marketer doesn't have an up-to-date perspective on this evolving industry, it may be preferable to bring in a consultant who can provide it.

3 A search consultant is often viewed as an objective third party. Some marketers value this perceived objectivity if the agency search process fraught with internal politics and conflicting internal agendas. An outside consultant may be a way to counter these issues. And a consultant may be viewed as a signal to competing agencies that this is an objective, professional search process.

4 A search consultant can also offer unique services like client reference checks where they speak to agency's clients to get another perspective to the agency's strengths and weaknesses

Of course, hiring a consultant comes with a price tag. Marketers will typically solicit search proposals from several consultants and do a cost-benefit analysis of the proposed services and fees. The consultant that offers the best "value" will usually be hired. And, as in an agency selection process, chemistry with the consultant will play an important role in the marketer's decision.

Not only do search consultants compete regularly with other consultants for agency search assignments, they also compete with client procurement departments. More and more procurement groups have expanded their "sourcing" function to include "marketing agency sourcing." This trend has become somewhat controversial with some arguing that client procurement personnel do not understand the marketing function and the agency world in particular. However, many client procurement groups have "gone to school," and their skill sets have grown exponentially.

CASE STUDY:
WHY SUNTORY HIRED A SEARCH CONSULTANT TO LEAD THEIR MEDIA PITCH

Suntory and Cerebos needed to find a way to leverage the combined scale of their two companies ahead of full integration in 2017. They identified media as a significant value to be optimized going forward, and needed guidance in driving alignment with stakeholders in their top five markets of Malaysia, Singapore, Thailand, Hong Kong and Taiwan. R3 led a review that helped redefine the role of a regional media partner in driving best practice, communication strategy and accountability framework for the future.

FORMULATING THE STATEMENT OF WORK

The agency statement of work (SOW) is a tight, detailed description of what the agency has to do for their client during the course of the marketing year. For the purposes of the review, the SOW should describe what the agency needs to deliver during the first year of the new client/agency relationship.

The SOW is a critical document because:

- It creates consensus in the client organization about the role of the agency.
- It manages competing agencies' expectations about the client's needs.
- It may become the basis for the agency's annual performance evaluation. (For example, did the agency deliver on the SOW?)

Most clients produce an annual SOW document for each of their agencies. However, if the client does not have one in place, it must be created for the purpose of soliciting compensation proposals from the finalist agencies in the review. Without the SOW, the client has no basis for comparing the competing agencies' compensation proposals.

The compensation proposals received from the agencies will be as reliable as the SOW they are given. Err on the side of detail when creating the SOW by including:

- A summary statement of how the marketer views the role of the agency, and the marketer's expectations for how the agency can add value to the client's business.
- Agency departmental/discipline service deliverables, such as account management support, creative development, account planning, research services, traditional media planning, traditional media buying, digital media planning, digital media buying, digital metrics and accountability, SEO, social marketing, etc.
- Expectations for the level of senior management involvement.
- To the extent possible, indicate any mandatory staffing deliverables by each discipline, such as one full-time senior account manager, one full-time account supervisor, 50% of two junior account executives, 50% of one senior planner, etc.
- Identify all known first-year deliverables. For example, this might include an updated consumer segmentation study or a brand's quarterly tracking study, four consumer focus groups, the annual marketing plan document due on March 1, or four TV commercials. No amount of detail is too much. Knowing the timing for each deliverable will be helpful as the means of calculating the ebb and flow of required agency servicing/staffing.

ESTABLISHING THE SEARCH TIMETABLE

The timetable is critical, as it will determine what can and cannot be accomplished during the course of the review process and which agencies will be able to participate. The timetable is typically dictated by some important milestone that looms on the horizon, such as the annual sales meeting at which the new agency needs to be introduced or the commencement of the annual marketing planning process that requires the agency's involvement.

Ideally, the marketer will allow 14 to 24 weeks for a thorough search process to take place. The timing for that might look like this:

STAGE 1	Client needs assesment	2-4 weeks
STAGE 2A	Long list	1-2 weeks
STAGE 2B	RFI- Agency Response + Evaluation	2-4 weeks
STAGE 3	Chemistry Meeting (including agency response time)	2-4 weeks
STAGE 4	Pitch Challenge (including agency response time, which is dependent on the complexity of the pitch challenge brief)	4-6 weeks
STAGE 5	Fee Analysis (done simultaneously with the Pitch Challenge)	2-4 weeks
STAGE 6	Agency selection	1-2 weeks
	TOTAL	14 TO 24 WEEKS

DO'S AND DON'TS OF A PITCH PROCESS

DO'S

1. Only ask for relevant credentials and cases during RFI stage
2. Provide weightage to evaluation criteria
3. Give opportunity for face-to-face interactions
4. Give feedback to agencies after the process

DON'TS

1. Place high emphasis on pricing
2. Be unrealistic in expectation of turnaround time
3. Ask for a creative response at RFI stage

RESOLVING THE KNOTTING ISSUES OF OWNERSHIP

If a marketer is asking the agencies participating in a search to present speculative creative, a decision will need to be made about who owns the work presented during the course of the search. In almost all cases, the marketer chooses the winning agency, and the losing agencies go home with the work they presented. However, occasionally, a marketer will stipulate that it owns the work presented by all of the agencies that participated. The marketer's rationale for doing this is that the agencies have been given confidential client information on which their work was based, and the marketer doesn't want that work presented to a competitor. Also, since different agencies will sometimes present similar work, the marketer needs to be protected against accusations of "stealing" a non-winning agency's work.

Almost without exception, a marketer that makes this ownership stipulation will be met with strong resistance from agencies, who will refuse to give away their intellectual capital without being compensated. And the marketer may become the subject of a barrage of critical trade press for making this stipulation a condition for participating in the review.

Marketers who make this stipulation will likely lose potential agency contenders, so they should think twice before they make this a condition for participation. A possible solution is to pay all the agencies for participating in the review in return for ownership, or, after the fact, to negotiate with a losing agency to pay for a specific idea that was presented. However, it is unlikely that a marketer will pay the losing agencies enough to induce them to turn over their intellectual capital to that marketer.

WORKING OUT A COMMUNICATION STRATEGY FOR THE SEARCH

There are a number of communication considerations that need to be thought through before the search commences, including:

1. The marketer needs to determine when the incumbent agency will be told that their business is going to be put into review. This is not news that the agency should hear through the grapevine or learn about on the Internet. And at the time the agency is informed, they should be told whether or not they are invited to defend the business by participating in the full review.

2. The marketer should craft a concise statement that summarizes the reasons why the review is being conducted. This statement should be concurrently and consistently disseminated to all constituents who are in a need-to-know position, including the incumbent agency, the client's internal constituencies, the client's other marketing agency partners, the press, and so on. The statement should also communicate when the review is going to commence, when it is expected to conclude, and whether or not the incumbent agency will be invited to participate. By disseminating one concise statement to all interested parties, the marketer will fend off unnecessary and time-consuming inquiries.

3 The marketer should designate a spokesperson to whom all inquiries should be directed regarding the decision to conduct the review and the particulars of the review process. This person is typically a corporate communications executive, the designated search process team leader, or the search consultant. This person needs to be chosen carefully, as there could be literally hundreds of agency inquiries to field.

4 Ideally, precise agency screening criteria will have been established before the review is made public. These criteria will be used to diplomatically and objectively inform agencies if they don't meet the screening standards.

ESTABLISHING THE AGENCY SCREENING CRITERIA

The development of precise agency screening criteria is one of the critical first steps in the search process. Without precise screening criteria, the marketer will waste a lot of time looking at agencies that don't qualify for the assignment, not to mention the time of countless unqualified agencies that have no likelihood of prevailing. Marketers should take into account the following criteria when screening agencies for consideration:

1 THE NATURE OF THE AGENCY RELATIONSHIP

Is this to be an on-going, retained agency-of-record (AOR) relationship, or is this a project-only agency relationship for which the agency will be brought in and out on an as-needed basis? Is this an exclusive agency relationship or will the agency tasks be shared by more than one agency? The answers to these questions will influence who the marketer considers and which agencies will choose to participate.

2 DISCIPLINES REQUIRED

For a full-service advertising assignment, the disciplines required may include some combination of marketing counsel/account management, strategic planning, business analytics, account planning, research services, creative development, creative execution, media planning, media buying, promotion marketing, design, and interactive/digital marketing services, among others. For other types of agency assignments, the requirements will be different. Without internal consensus around the required disciplines, it is impossible to properly vet agencies for consideration.

3 AGENCY OWNERSHIP

For most clients, agency ownership is not a critical selection criterion. As long as the agency can deliver on the client's service requirements, ownership is not typically an issue. However, a client should think about whether agency ownership matters, because:

- Some clients value the perceived independence and entrepreneurial spirit of a privately held agency.
- Some clients may have had a good or a bad experience working with an agency that was owned by one of the major holding companies.
- A client may have limited marketing requirements from its agency right now, but may feel the need to hire an agency that can "grow;" a holding company agency may be the solution.
- A client may not be comfortable working with an agency owned by a company that does business with its competitors.

4 GEOGRAPHY

Is this a global, national, regional, or local assignment in terms of the marketing geography? Do you need an agency with knowledge of a specific geography or do you need an agency whose marketing reach is national or global? Do you care where the agency's office is located? Is it important for your agency to service your business from an office in close proximity to your own, or is agency geography of no concern to you?

5 AGENCY SIZE

One way or another, agency size is a matter of concern to most clients.
Often there is a direct relationship between the size of an agency and the breadth and depth of that agency's resources. Therefore, the client's service requirements can drive the decision about whether to hire a large or a small agency. Size can also play an important psychological role in the client/agency relationship. Does the client prefer to be a small client in a well-resourced large agency, or does the client prefer to be a large, relatively important client in a smaller agency?

The size issue manifests itself in other ways as well. A large, well resourced agency may not be a "good" agency or the "right" agency for a whole host of reasons. And while some smaller agencies may not have the resources of a larger one, some smaller agencies can be considered "best of breed" in terms of particular capabilities.

6 SPECIFIC SKILL SETS

These may be as broad as the required marketing disciplines described above, or they could be as specific as expertise in new product introductions, brand positioning, shopper marketing, or retail capabilities. They may also include skills or capabilities that cut across various marketing functions, including quick turnaround on projects, out-of-the-box creativity, pro-activity on new business opportunities, or budget stewardship.

7 CATEGORY EXPERIENCE

Many marketers want their agency to bring specific category experience to the relationship. Banking clients may want prior financial services experience, food marketers might want consumer packaged goods experience, retailers may want retail marketing experience. Or the reverse may be true. Some marketers might want an agency that hasn't had experience in their category in the belief that it can bring fresh thinking to the company and the category.

8 CONFLICTS

The matter of agency "conflict" is often tricky. It's in the self-interest of agencies to view the issue of client conflict liberally, while clients are likely to view it more strictly. There are no hard and fast guidelines for what constitutes a client/agency conflict. However, it's fair to say that if an agency's handling of another client or brand is going to make the client uncomfortable for any reason, then it will likely be considered a conflict and a reason for eliminating an agency from consideration.

Client conflicts have become a bigger issue over time, given the significant consolidation of business on both the marketer and agency sides. As large corporations have become larger by acquiring new businesses and brands, and as agency holding companies have become larger through the acquisition of new agency brands, the potential for client conflict has increased.

Almost without exception, a client will not allow its agency to handle business for a perceived competitor. What constitutes a competitor and what doesn't can be in dispute, but this is a dispute that the client always wins. With the above in mind, marketers should carefully consider what defines a competing product or service. Conflicts can be defines any number of ways:

- Very tightly around a particular product, service, or category. For example, a juice marketer would obviously not want its agency to work for a competing juice company and brand.
- More broadly defined by similar products or services. The same juice marketer

from the previous point might choose not to work with an agency that handles other drinks that compete with juices.

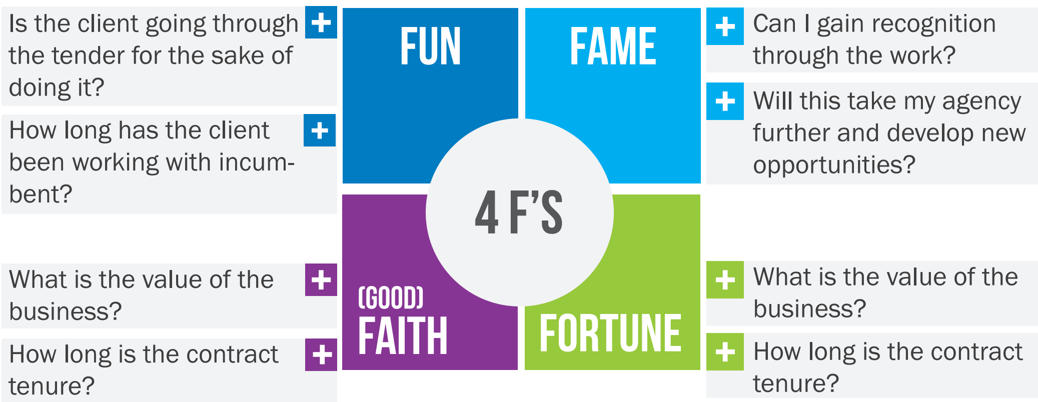
- Even more broadly. For example, if the juice marketer also markets other foods and beverages, it might choose to avoid an agency that handles another client that competes in any of the marketer's categories, even if the agency does not work on other juice products.

There are also other situations that can crop up to create a perceived conflict. For example, a product marketer might eliminate an agency because that agency handles a retailer that prominently features and/or supports a competitive product. Or, a health care client might choose to not work with an agency that handles a cigarette account.

The more broadly a marketer defines competitive conflict, the fewer the number of agencies there will be to choose from.

All the above considerations should be taken into account to compile a "job description" for the agency being sought. This can be a useful document to distribute to internal constit-uencies and even to the agencies under consideration. This job description describes the agency that will have ideally been hired at the end of the search process.

TO INVEST IN DEVELOPING VALUE-DRIVEN PITCH APPROACHES



STAGE 2 LONG LIST AND REQUEST FOR INFORMATION

Once the pieces are in place to start reaching out to prospective agencies, the marketer is advised to embark on a very deliberate, iterative agency vetting process to assure that the right agency is ultimately chosen. It will take time (probably 12 to 16 weeks, if not more) for the process to play out thoroughly and to allow the agency selection team to participate in every step of the process.

RESEARCHING POTENTIAL CANDIDATES

Unless a client organization maintains a current database of marketing service agency resources, has someone in their organization who is a “student” of the agency landscape, or keeps a body of institutional learning about agencies within the organization, it can be a daunting task to identify agencies that meet a marketer’s screening criteria.

There is literally thousands of marketing services agencies, and if the marketer chooses not to hire a professional agency search consultant to assist with the search, then the task of sorting through all this agency clutter will be left to the client search team.

Marketers who will be undertaking the research portion of this project on their own will need to rely on secondary and primary research sources to gather data on prospective agencies.

SECONDARY RESEARCH

Secondary research will only yield answers to some of the marketer’s questions, and some of these answers will be incomplete and not current. This type of research will generate basic facts about agencies, but it is unlikely to generate much insight on the “best” agencies for the marketer to consider. The kinds of information that can be easily gathered through secondary research include:

- Basic agency contact information.
- The size of the agency.
- The agency’s ownership.
- The agency’s services and resources.
- Creative samples.
- The agency’s client list.
- The agency’s philosophy, approach to business, case histories, industry accolades, etc...

Good secondary resources include:

- Agency directories, such as Redbooks, R3's The Source and www.Adbrands.net.
- Industry discipline directories for public relations, direct response, etc.
- Industry trade publications, such as Advertising+Marketing, Marketing Interactive, Mumbrella Asia, Campaign Asia, Marketing Magazine Malaysia (Sledgehammer Communications), Business Times (Malaysia) and Starbiz (Malaysia)
- Business publications, such as Fast Company, Forbes, CBN Weekly China and others
- Industry organizations, such as the ANA and the 4As
- Other web resources, e.g., Malaysian Advertising Directory (MAD).
- Individual agency websites.

PRIMARY RESEARCH

It is likely that the marketer will want to also do primary research about agencies, because that information will be more current detailed and specific to the precise capabilities and experience being sought from a new agency. For example, if the information posted in The Agency RedBook about an agency is a year old, it will not reflect recent agency account wins or losses and it won't reflect and recent personnel changes.

Primary research could be as simple as phone interviews with key agency personnel, or it could be in the form of a RFI (Request For Information) questionnaire that is formally submitted to agencies that have passed the initial secondary research hurdle.

There are distinct advantages to using a formal RFI questionnaire:

- It is the best way to obtain the specific information being sought about the agenciest
- It's the best way to collect complete information regarding each of the agency screening criteria that should have been established by the search team prior to any agency outreach.
- It's a way to gather information about a diverse group of agencies in a consistent format for comparison purposes.
- It's a good vehicle for soliciting the most current information about the agencies.
- It's a good vehicle for presenting case histories.

At this stage of the process, it is preferable to reveal the name of the marketer rather than reaching out to agencies on a "blind" basis. Revealing the client will generate more relevant responses and be a good test of agency interest in the assignment. All agencies may raise their hand for a "blind" new business opportunity, but there is no way to gauge an agency's sincere interest until the client identifies itself.

Whether the marketer only conducts secondary research only or conducts primary research as well, the information will need to be gathered and assembled so that it can be easily reviewed and evaluated by the client search team. This can be a major undertaking if numerous agencies have been contacted, but if the team uses an RFI questionnaire, the agencies can submit their responses using a template so that the information will come back in a consistent format that will be ready to use and easy to compare. The three most important evaluation criteria for the RFI stage are track record and operations, case study relevance and fee competitiveness.

EVALUATING THE AGENCIES

It is not unusual to research 20 or more agencies initially and then to focus on 10 to 15 (the "long list") candidates that most closely meet the client's screening criteria. These agencies are formally profiled and presented to the client search team for review. The objective at the end of the first phase is to get to an agency "short list," i.e., a group of six to eight agencies that most closely meet the client's screening criteria and that will be invited to make a formal credentials presentation. Some marketers will meet to discuss the profiled agencies and come to consensus on which agencies deserve further consideration. Others will use a quantitative agency scoring mechanism designed by the search team.

RELEASE THE REQUEST FOR INFORMATION

After the long list is decided, the RFI needs to be issued to the agencies

The RFI is often considered the most important document of the pitch process and generally contains five key sections:

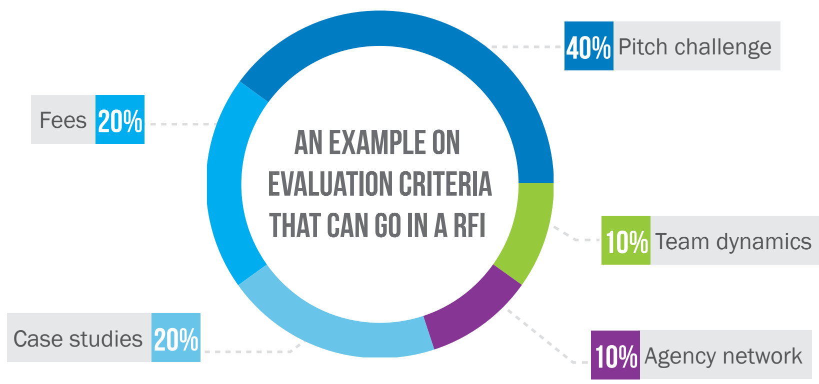
1. About the client – Client business, marketing and its needs from the agencies.
2. What is been looked for in the Agency- Agency Role, agency model, scope, etc...
3. The Pitch Process – Stages of the pitch, requirements from each stage
4. The evaluation criteria- this should be provided for each stage
5. The submission details- case studies, team bios, agency track record, etc
6. The scope of work- that agency will be expected to deliver if selected
7. Timeline, legal & contractual requirements, etc...

Agencies should be give minimum 2 weeks to respond to RFI. After which client needs to evaluate the submissions to decide the shortlist

Overall, these are the key aspects to consider in the evaluation:

- Agency health
- Track record and operations
- Case Studies
- Team
- Fee competitiveness

AN EXAMPLE OF AGENCY EVALUATION CRITERIA



It is important for the client to provide the pitch process at the onset of the pitch. Agencies should know from the start the number of rounds and the expectation from each round. They should also be informed in advance, whether each round would have its own shortlist. This enables the process to be fair to agencies as they know exactly what they are getting into. It's not advisable to change the process or the expectations from each stage mid-way into the pitch. This is not only unfair to the agencies; it will also confuse the internal evaluation process set by the clients.

Please note member agencies of 4As Malaysia are governed by the "Professional Pitch Disbursement By-Laws," introduced since 2006. Pitch disbursement is applicable when the marketing communications budget, stated in the speculative pitch brief is above RM 100,000.

A speculative pitch includes any form of trial projects, workshops, and think-piece presentations on an important issue the Advertiser's brand is facing. The disbursement payable for each assignment, per member is RM 10,000 excluding GST. It is not applicable for Agency Credentials presentations.

The By-Laws were introduced in order to:

a) Encourage Advertisers to firstly try to make the existing agency relationship work rather than thinking that a move to a new agency is necessarily the answer. (Long term Advertiser-Agency relationships more often than not, benefit the health of the Advertiser's brand).

b) Promote the use of a "Credentials/Case Studies" only presentation as the sole selection criteria. (Many successful Agency appointments are indeed based on reputation, team chemistry, credentials and referrals from other Advertisers-as opposed to a full blown speculative pitch)

c) Allow the shortlisted 4As member agencies in the speculative pitch to recover some part of the disbursement costs incurred. Note that the disbursement amount is not a fee.
   - There is no element of profit or price fixing as members are entitled to bid for the assignment at any price they deem competitive.
   - Advertisers are free to invite non-4As members. Pitch disbursement applies to 4As members only.
   - 100% of the successful 4As member agency pitch disbursement shall be returned to the Advertiser upon results of the pitch being announced by the Advertiser.

Please refer to the 4As website, aaaa.org.my for the definitions, administration, exemptions, prohibitions and other details about this By-Law.

STAGE 3 CHEMISTRY MEETINGS

If the agency profiles or the RFI responses are the equivalent of an individual's résumé, then the chemistry meetings are the equivalent of a face-to-face interview. This phase is critical because:

- The agency will talk about the information that was gathered during the research phase. Hearing this will help the marketer decide whether the information submitted is credible.
- The meetings give the search team an opportunity to ask questions about the information that was gathered during the research phase. Any gaps can be filled in at this time.
- These meetings represent critical "chemistry checks." Are you likely to work well with this agency team?
- In these meetings, it may be possible to meet the key individuals who would manage the client's business on a day-to-day basis.
- Seeing the agencies' respective office spaces and working environments can be revealing in numerous ways that will inform your judgment. For example, is there a palpable "vibe" in the office that is revealing one way or another? Are there a lot of empty offices or work stations that may suggest that the agency's business is not as healthy as may have been purported? Does a sloppy office environment suggest sloppy business practices?

The chemistry meetings can take in whatever form the marketer chooses, but following are some "best practices" guidelines:

- Conduct the meetings in the agencies' offices. You will learn more about the agencies if you visit them on their own turf.
- Give the agencies a tight agenda to follow.
- Center the agenda items on how the agencies match up against your screening criteria. It is too early in the process to ask for speculative creative ideas.
- Give the agencies as much non-proprietary information as possible about your business, your expectations for the meeting, and the relationship you want to form. This will result in better meetings..
- If the timetable allows, give the agencies three weeks to prepare for their presentations. This will give them time to prepare thoughtful presentations and to clear their calendars for key personnel.
- Schedule these meetings to last two to three hours each so the agencies can make robust presentations and there will be time for Q&A.
- Do not schedule more than two meetings per day.
- Schedule all of the presentations as close to each other as possible so that they can be remembered and compared.
- Be a good audience. Interact with the agencies. Respond. Ask questions. If you do, you will hear better presentations and you will learn more.

EVALUATING THE CHEMISTRY MEETINGS

Immediately following the chemistry meetings, the search team should meet while those presentations are still fresh in their minds. Some marketers are comfortable evaluating the presentations and drawing their conclusions through a group discussion, especially if the search team is small; others may want to prepare a quantitative evaluation form to aid the search team in evaluating the agencies.

This type of evaluation form might rate the agencies on 20 to 30 critical measures, using a numeric rating scale (e.g., each criterion is rated on a one- to six-point scale). When all the score sheets are tallied together, the marketer will have a quantitative measure of how the team members rated the agencies relative to each other.

It is usually helpful to organize the scoring criteria into categories that capture the marketer's primary areas of interest or concern (agency's strategic capabilities, agency's creative product, agency's media planning capabilities, agency's media buying capabilities, agency's digital marketing expertise, agency chemistry, etc.) The scoring for the criteria in these categories can be weighted so that the final numerical ranking of the agencies will reflect the relative importance of these scoring criteria to the search team. In R3's experience, the focus areas for the short-listed agencies are team dynamics, ability to engage with you, response to Q&A, and cultural fit.

After the chemistry meetings, the search team leader will tally the score sheets and call a meeting of the full team to discuss the agency scoring outcome. At that time, the qualitative commentary of the team members can be introduced into the discussion as well.

STAGE 4 FINAL PITCH CHALLENGE

After scoring of the chemistry meetings, the team will choose a smaller group of finalist agencies.

Three to four agencies are usually the right number to include in the final round. Two agencies are risky in the event that one falls out for some reason (e.g. a new client conflict) and the marketer is left with a default winner that may be less than optimal. Five agencies will unnecessarily complicate the final agency selection and will be discouraging to the finalist agencies that will view their chances of winning as slim.

It is probably not a good idea to include the incumbent agency in the finalist round if the agency has no likelihood of ultimately prevailing. It is not a "courtesy" to require the incumbent agency to expend the time, energy, and money to compete if it's a foregone conclusion that the agency will lose.

The final phase is typically designed to test the finalist agencies' skills in addressing a marketing challenge related to the marketer's business.

Typically, the agency that performs the best in addressing the finalist challenge assignment will win the agency assignment, as long as it has also made an acceptable compensation proposal.

The challenge can take any form of the marketer's choosing, but it is typically designed to test the agencies' strategic thinking on an important issue(s) the marketer is facing. When compared to the initial chemistry meeting phase, which is meant to flesh out team dynamics and the ability to engage, the pitch challenge presentations are meant to display the agencies' ability to present creative ideas, respond to questions and articulate their strategic thinking.

For example, there may be a branding or positioning challenge for which the marketer needs fresh thinking. Or there may be a specific creative issues or opportunity that the incumbent agency has failed to crack.

Regardless of the challenge, it is typically heavily focused on testing the agencies' abilities to bring strategic insights to the marketer's business. In an advertising agency search, there may be a creative component to the challenge, but the marketer is not typically focused on coming away from the search process with a campaign or an ad that it can air tomorrow. There are several good reasons not to focus the challenge entirely on a creative deliverable:

- The finalist agencies have already demonstrated that they produce creative the marketer admires.

- Most marketers understand that an agency's creative product is typically generated through a highly collaborative process between the client and the agency and do not usually expect creative that is "fully cooked" at the end of a search.

- Generating a fully formed creative product is very time consuming and expensive for agencies. Most marketers will not require agencies to incur a great deal of out-of-pocket expense to generate polished creative as part of the agency challenge. They will typically ask for examples, in rough form, of how the agencies would bring their strategic thinking to life, such as story- boards, sample print layouts, alternative tag lines, etc.

- Some agencies (very few) will actually refuse to produce speculative creative as part of a review process.

If the marketer's assignment is considered a plum one (i.e., it's large, visible, and prestigious), competing agencies may voluntarily pull out all the stops creatively to win the marketer's business. In other cases, marketers may pay competing agencies a fee for producing a large body of speculative creative.

CHALLENGE BRIEFINGS

These are held either in person or via telephone and either individually or in a group agency meeting at the client's offices. Agencies are briefed on the finalist challenge, required deliverables for the final presentation, scheduling, the SOW, compensation proposal submissions, and process protocols. An explanation of the briefing materials should also be provided to assist in addressing the challenge.

Keep in mind that the thinking that goes into the finalist presentations will be as good as the briefing and background materials provided to the agencies to address the challenge. Within reason, the agencies should be given access to proprietary information such as sales data, marketing plans, research studies, historical creative, media plans, etc. The marketer can require each agency to sign a non-disclosure agreement to protect the marketer's confidentiality.

See "Briefing an Agency" best practice guide for an Advertiser to write the brief, which is available at www.ipa.co.uk/bestpractice.

PITCH CHALLENGE PRESENTATION

These are typically two to three hour meetings, depending on what the agencies are asked to present. They are conducted in the marketer's offices to the full client selection team. Generally, the team will convene after each presentation for discussion and to complete the scoring for each agency.

IMPORTANT TO REMEMBER

Every time the marketer reaches out to an agency in the search process, this outreach can be viewed as a PR event for the marketer. Therefore, it is smart for the search team to think about finalist agency selection protocols. Here are some simple guidelines to consider:

- The lead agency contact person on the client search team should get back to all participating agencies as soon as possible to provide feedback on the agency's performance in the credentials round and their status in the competition.

- When possible, agencies being eliminated should be given specific feedback on the reasons that they are not moving forward in the competition.

- The finalist agencies that are moving forward will appreciate similar courtesies, which will build their enthusiasm for participating in the finalist round.

- Finalist agencies should be given specific information about the next steps in the process, including what's required of them in the finalist round and all the pertinent scheduling data so that they can plan accordingly.

- By this stage in the process, the press may be making inquiries about the review. A statement should be prepared that identifies the finalist agencies to shut down inaccurate speculation and discourage other agencies from continuing to reach out to the client.

CASE STUDY:
A TOURISM AND HOSPITALITY GIANT'S UNIQUE PITCH CHALLENGE

In a recent creative agency review managed by R3 in Singapore, the client, a prominent player in the tourism and hospitality sector, had developed a new brand architecture. Their key requirement for the agency was the ability to bring this new brand idea to life through creative. In order for that to happen the client would need to share the newly developed brand identity with competing agencies. Due to its confidential nature, R3 advised to restrict the short list to only two agencies. The client shortlisted agencies based on their credentials and case studies and then short listed only two agencies for the final challenge. The briefing was an immersive experience where agencies got a chance to visit the client's premises and experience the various facilities offered.

The client's brief was to the point and evaluation was only on the translation of brand identity into creative idea, rather than list of creative deliverables. By running the agency review in a compressed manner with only one specific output, client was able to select the most suitable agency for its specific need.

STAGE 5 FEE ANALYSIS

Agencies should be given a specific direction on how to prepare their compensation proposals. If the marketer has a preferred compensation methodology, the agencies should know that. If the marketer is open to the agencies' recommendations on compensation, they should know that as well. Also, the agencies should be provided with a template for the submission of their proposals to enable the marketer to make side-by-side comparisons of the proposals. Also, if there are unusual or make-or-break contract terms that will be imposed on the agencies if they are hired, it is best to disclose those terms during the briefing meetings or even in the initial agency contact phase of the search.

ESTABLISHING A BUDGET & COMPENSTAION PARAMETERS

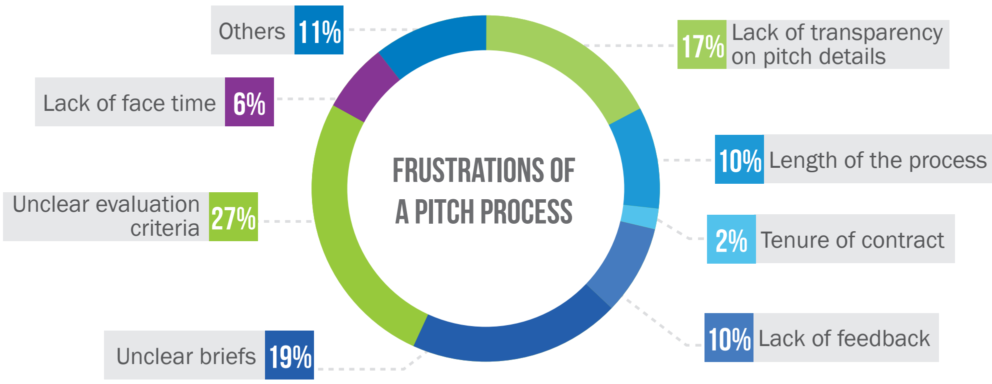
When agencies are approached for consideration, one of the first questions they will ask is: "What's the budget?" It may appear unseemly for an agency to kick off the dialogue that way, but it's a fair question because the budget immediately signals to an agency if this is a "big" opportunity or a "small" opportunity. A big opportunity is likely to be visible and generate substantial revenue for the agency. A small opportunity will be less visible (i.e., less of an opportunity to do work that will showcase the agency's talents) and less of a revenue generator.

These are legitimate business considerations for an agency when deciding whether or not to participate in a review. Unless the marketer's business is incredibly prestigious for one reason or another, all agencies are going to want to know what the client's general budget is before they commit to participating in a search. The client's answer regarding the budget will trigger a host of questions that the agency must ask itself, including:

- Can we afford to handle a business of this size?
- Do we have the resources to handle a business of this size?
- Will we have to staff up to handle the business, or can the business be handled with existing personnel?
- Is this an opportunity to do such strong, showcase work that the budget is second ary?
- Does this budget suggest that the client is serious about marketing?
- Does this client value the contributions that we can make?
- Is this client's budget consistent with our business priorities?
- Can we afford to pitch this business with our current resources?
- Is this business likely to be a growth opportunity for us?

Therefore, marketers need to provide agencies with some general, realistic budget parameters that will define the overall scope of the agency assignment. Refusing to provide budget parameters will cause some agencies to decline to participate. Also related to the budget is the question of how the agency will be compensated. This information potentially advances the ball beyond "client budget" to "agency revenue opportunity." A large marketing budget does not necessarily translate into a large agency revenue opportunity, and conversely, a small budget does not necessarily indicate that the agency hired will be paid poorly. It's the client's agency compensation policies that will determine the revenue opportunity for the agency. And it's fair for agencies competing in a search process to have a sense of the marketer's policies and preferences at the start of the search process.

AGENCY FRUSTRATIONS WITH PITCH PROCESS



If the marketer has a preferred compensation methodology, it is best to disclose that information upfront. Or, if the marketer has a finite amount of money they are willing or able to pay their agency, that number should be revealed. Again, this input will automatically qualify and disqualify agencies in terms of their interest. Often, marketers are not locked into a compensation methodology. They will want the finalist agencies to make proposals based on their own preferred methodologies. This can signal to agencies that the marketer is flexible and open-minded on the subject of agency compensation—a trait which most agencies will find appealing. There are several key drivers that determine agency compensation, including type of work, resources, working process and remuneration model. Regardless of final fee structure negotiated with the winning agency, there are three things to consider:

1 SET THE BASELINE IN ADVANCE

Do the work up front to determine the baselines that are acceptable to the organization. Also helps to identify areas that drive value versus cost.

2 START WITH THE BIG PICTURE AND THEN DEEP-DIVE

Based on the principles of the value that the marketer wants to build with the agency, keep a balance between which metrics really matter.

3 APPOINT A CENTRAL TEAM TO ASSESS FEES CONSISTENTLY

When assessing fees, keeping a consistent team across all submissions, will help evaluators understand the value propositions of the agencies

It is very important for the marketer to think through budget and compensation parameters before there is any agency outreach. It's better to air this fundamental information early on rather than have it come up late and result in agencies dropping out at the eleventh hour.

STAGE 6 FINAL SELECTION

This will typically occur shortly after all of the finalist presentations in a separate meeting of the client selection team. The winning agency is chosen after a review of the agency scoring results and a thorough discussion of the pros and cons of each agency. The focus areas for the participating agencies should be verbal articulation of strategic thinking, presentation of creative ideas and response to Q&A.

COMPENSATION NEGOTIATION

The marketer will have an initial negotiation with the preferred agency to make sure both parties can come to terms financially before making an official announcement of the search outcome. (A prolonged negotiation of compensation and contract terms can take place after the agency is hired if there is agreement on the most critical terms—e.g., the annual agency fee, the agency compensation methodology, the proposed agency staffing, the internal agency cost structure that will be passed along to the client, etc.)

ANNOUNCEMENT AND TRANSITION

The final step of the pitch challenge is the announcement of the winning agency or agencies.

This will occur after the marketer is satisfied that they can come to acceptable contract and compensation terms with the winning agency. Until that is determined, the losing agencies should not be informed of the decision in case the marketer is forced to turn to another agency.

It is also recommended to provide feedback to all the short listed agencies so they can learn from the process and they have a clear reason on why they did not win the business.

In the rare case the marketer is not satisfied with any of the short listed agencies, it is important that client provide detailed feedback to all the agencies on the reasons they fell short. Then the client can issue a new challenge to the same shortlisted agencies. Usually if none of the agencies can crack the pitch challenge brief, the problem could be the brief itself. Hence it's best to issue a new brief. It's not prudent to add new agencies to the shortlist at this stage, as those agencies would not have gone through the initial screening process. Alternatively the client could re-start the process, but this would mean additional cost, time and resources for the organization. Also due to the past experience, the response to the new pitch from the agencies may not be positive and client may not be able to attract the suitable agencies.

BUILDING PARTNERSHIPS THAT LAST

Once the decision is made to embark on the search for a new agency partner, the marketer is advised to be thorough and thoughtful in organizing for it. The search process will be as productive as the organization that goes into it. Consensus must be established around the ultimate “destination” for the search, and a lot of planning needs to go into the process strategies that will take the marketer there.

Finally, it’s important to remember that choosing the right agency is only the first step. After the agency is appointed, marketer should spend time to on board the agency to its business. It’s also critical to align expectations and set clear KPIs for the agency.

Finding the right partner is step one in the journey. Constant communication and building a strong relationship is an ongoing process that is fundamental to the relationship success.

TOP 3 TAKEAWAYS

1. ANSWER BIG QUESTIONS FIRST
2. TRANSPARENCY IN PITCH PROCESS IS CRITICAL
3. THINK LONG TERM

APPENDIX 1

SAMPLE NON-DISCLOSURE AGREEMENT

The purpose of this Agreement is to establish the rights and interests of the Parties which have executed it below.

Whereas, either party may be disclosing to ('Disclosing Party'), and/or receiving from ('Receiving Party') the other party certain confidential and proprietary information including, but not limited to, business operations, processes, plans, intentions, product information, know-how, designs, trade secrets, market opportunities, customers, costs, prices, business plans, details of corporate organization and corporate financial information and any other information or data of whatever kind whether in physical, electronic, written or oral form, all of which is referred to herein as 'Information,' and

Whereas, for the purpose of evaluating a potential business relationship, the parties are each willing to disclose and receive information under the terms and conditions specified below:

1. Each party agrees to maintain all Information received from the other party, both orally and in writing, in confidence and agrees not to disclose or otherwise make available such Information to any third party without the prior written consent from the Disclosing Party. Each party further agrees to use the Information only for the purpose set forth above. Information shall be deemed confidential regardless of the fact is not marked as such if given in writing or, if given orally, identified as confidential orally prior to disclosure.

2. The Receiving Party's obligation of non-disclosure under this Agreement shall not apply to Information which

    a) Is or becomes a matter of public knowledge through no fault of or action by the Receiving Party;
    b) Was rightfully in the Receiving Party's possession prior to receipt from the Disclosing Party;
    c) Subsequent to disclosure, is rightfully obtained by the Receiving Party from a third party who is lawfully in possession of such Information without restriction;
    d) Is independently developed by the Receiving Party without resort to information which is confidential under this Agreement, and can so be proven by written records; or
    e) Is required by law or judicial order, provided that prior written notice of such required disclosure is furnished to the Disclosing Party as soon as practicable in order to afford the Disclosing Party an opportunity to seek a protective order and that if such order cannot be obtained disclosure may be made without liability.

Whenever requested by the Disclosing Party, the Receiving Party shall immediately return to the Disclosing Party all manifestations of its Information or, at the Disclosing Party's option, shall destroy all such Information as the Disclosing Party may designate. The Receiving

Party's obligation of confidentiality shall survive this Agreement for a period of five (5) years from the date this Agreement is executed by the last party to sign, and thereafter shall terminate and be of no further force or effect.

2

The Receiving Party agrees that this Agreement shall not be assigned without prior written consent from the Disclosing Party. No right or license is granted by the Disclosing Party to the Receiving Party except as expressly set forth in this Agreement. This Agreement is made under and shall be construed according to the laws of [Country Name] and supercedes all prior agreements between the parties, oral or written, concerning the disclosure of Information.

On behalf of agency:

Name:	
Job Title:	
Signed:	Dated:

On behalf of client:

Name:	
Job Title:	
Signed:	Dated:

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IPA

About IPA (established in 1917) :

For nearly 100 years, the Institute of Practitioners in Advertising has been the professional body for advertising, media and marketing communications agencies based in the United Kingdom.

IPA is working to professionalize the industry by setting benchmarks for best practice in the global advertising profession. They share these through network partners, trade bodies and organizations committed to the furthering of the communications industries.

APPENDIX 2

POST-PITCH FEEDBACK FORM – CREATIVE AGENCY EVALUATION

Name of Client Company:

Name of Client (optional):

Name of Agency:

Name of Brand/project:

Please circle appropriate number	1 (Strongly Agree)	2 (Slightly Agree)	3 (Neither agree nor disagree)	4 (Slightly Disagree)	5 (Strongly Disagree)
Pre-pitch					
Our understanding of the agency in terms of its size, positioning, capabilities and its overall offering was clear prior to our first meeting	1	2	3	4	5
The agency lived up to these expectations at the first credentials meeting	1	2	3	4	5
The agency asked insightful questions and demonstrated a good understanding of our business/market at our first meeting	1	2	3	4	5
We were impressed by the team that we met and felt that the chemistry between us was good	1	2	3	4	5
We felt that there was likely to be a good cultural fit between ourselves and the agency	1	2	3	4	5
Background and Objectives					
The agency demonstrated a real understanding of where we are now (the current position of the brand, its background and the key issues it faces and which define the start point for the journey on which communications will take the brand)	1	2	3	4	5
The agency demonstrated a real understanding of where we want to be (the desired destination of the journey of which successful communications need to take our brand in context of our overall corporate business and marketing plan, as well as of what will be achievable)	1	2	3	4	5
The agency demonstrated a real understating of what we need to do to get there (in terms of our total marketing program and the role of communications within it)	1	2	3	4	5
The agency demonstrated a real understanding of how we'll know we've arrived (in terms of setting targets and measures to evaluation their proposed campaign)	1	2	3	4	5

Please circle appropriate number	1 (Strongly Agree)	2 (Slightly Agree)	3 (Neither agree nor disagree)	4 (Slightly Disagree)	5 (Strongly Disagree)
Customer Insight and Communications Strategy					
The agency demonstrated an in-depth understanding of both our business and our consumers	1	2	3	4	5
Their customer insight was strong and was the basis for powerful brand communications	1	2	3	4	5

The agency defined the role for communications clearly in the context of the brands' overall marketing strategy	1	2	3	4	5
The agency's strategic recommendations clearly addressed the specific issues in our brief	1	2	3	4	5
Creative Proposals					
The link between the agency's strategic thinking and the creative idea was strong	1	2	3	4	5
The agency presented a 'big idea' for the brand, which was 'campaignable' and could clearly be delivered through most media and communications channels	1	2	3	4	5
The creative idea appeared to be the deliverable in the required timescale and affordable	1	2	3	4	5
Team and Presentation					
We had an appropriate amount of contact with agency team during the pitch process	1	2	3	4	5
We felt the team were committed to our brand/ business and would be hardworking and proactive	1	2	3	4	5
We felt that the team would be collaborative and good to work with	1	2	3	4	5
The agency fielded the most appropriate team on the pitch day	1	2	3	4	5
The agency presentation was delivered clearly and professionally	1	2	3	4	5
Our questions were clearly answered	1	2	3	4	5
The agency's presentation documentation was well produced and provided a good summary and rationale for their recommendations	1	2	3	4	5
The agency's post-pitch follow-up was appropriate	1	2	3	4	5
Remuneration					
The agency put forward a clear, fair and understandable proposal which seemed likely to incentivize them whilst delivering value for us	1	2	3	4	5

OVERALL

What did this agency do that was markedly better than the other agencies that were pitching?

What did any/all of the other agencies do that was markedly better than this agency?

What was the single most important factor in this agency winning/not winning the business?

Are there any other comments that you would feel would help this agency for future pitches?

ABOUT R3

OUR REASON FOR BEING

In a word, we are about performance. R3 (www.rthree.com) was established in 2002 in response to the increasing need of marketers to enhance their return on marketing, media and agency investments, and to improve transparency and accountability.

We act as coaches to marketers wanting to play better.

OUR BACKGROUND

We've worked with more than one hundred companies on global, regional and local assignments to drive efficiency and effectiveness.

We have talent based in the US, Asia Pacific and Europe and partners in LATAM and Africa. Through global work for Samsung, Coca-Cola, JNJ, Visa, Unilever and others, we have developed robust benchmarks and process targets for more than 70 countries.

WHAT WE DO

Our core service offerings include proprietary processes and tools in the areas of marketing investment and agency relations.

HOW WE DO IT

We invest in the best talent, bringing in senior leaders from marketing, agency and analytic backgrounds.

Since 2002, we've interviewed more than 2,000 marketers about their agency relations.

Since 2006, we've spoken to more than 100,000 consumers in China's top twenty cities and continue to do so every three months.

Each month, we exclusively track over 1,000 agency new business wins around the world.

We authored the book "China CMO" about marketers in the world's most dynamic country. We maintain an ongoing database of media costs for key markets.

We have co-developed software to measure agency and media performance.

RETURN ON AGENCIES

We help marketers find, pay and keep the best possible agency relationships – covering Creative, Media, PR, Digital, Social, Performance, Event, Promotions and CRM.

We take the lead in improving the Integration process through proprietary software and consulting.

RETURN ON MEDIA

We offer professional analysis of the media process, planning and buying with proprietary benchmarks and tools to set and measure performance.

We conduct financial audits to validate and benchmark transparency.

RETURN ON INVESTMENT

We review marketing data, structure and processes to help benchmark and drive improvement.

We track Digital Engagement in China through a proprietary study in China called EnSpire.

4As MALAYSIA
GROWING BRANDS THROUGH CREATIVITY

ABOUT 4AS MALAYSIA

The 4As Malaysia formed in 1971 is the Malaysian industry's foremost body that represents and promotes the value of Advertising agencies in the Marketing Communications industry to Advertisers, Media, Suppliers, Government and the Public.

The organization encompasses 90+ homegrown and multinational Member Agencies, involved in brand strategy and marketing communications. It celebrates, encourages and fosters creativity through brand-building ideas that drive growth and value generation for brands. The 4As promotes best practices and business excellence in the professional practice of advertising in all its forms.

It requires its Member Agencies to invest in continuous professional development in order to retain membership. The 4As engages the business community and Government in dialogue to demonstrate the relevance of advertising as an effective vehicle for economic growth.

4As Malaysia is the originator and organizer of annual hallmark events, like the Putra Brand Awards (People's Choice) and the Kancil Awards (Creative Competition). It is also the franchise holder and organizer of the annual globally recognized, Effie Awards (Marketing Effectiveness).

OBJECTIVES

- PROVIDE INDUSTRY GUIDANCE AND LEADERSHIP
- RAISE STANDARDS AND PROFESSIONALISM
- FOSTER CONTINUOUS PROFESSIONAL DEVELOPMENT FOR THE ATTRACTION AND RETENTION OF AGENCY TALENT
- PROMOTE COMMERCIAL CREATIVITY AND ITS EFFECTIVENESS
- BE GOVERNMENT'S PRINCIPAL INFORMATION SOURCE AND ADVICE ON ADVERTISING

CONTACT US

Singapore

69A Tras Street,

Singapore 079008

T +65 6221 1245

F +65 6221 1120

www.rthree.com
Website

weibo.com/r3china
Weibo

twitter.com/R3WW
Twitter

facebook.com/r3worldwide
Facebook

linkedin.com/company/r3
LinkedIn

The Association of Accredited Advertising Agents Malaysia

Unit 706, Block B, Pusat Dagangan

Phileo Damansara 1,

No 9. Jalan 16/11, Off Jalan Damansara,

46350 Petaling Jaya, Selangor, Malaysia

T 603 -7660 8535

F 603-7660 8532

aaaa@macomm.com.my

www.aaaa.org.my
Website