



CREATIVE AGENCY SELECTION IS NOT A ONE-WAY-STREET

Customer experience management is about more than running campaigns. The tasks of the marketing department have expanded significantly, making fast and interdisciplinary collaboration with agencies increasingly important. However, this collaboration is only effective if the marketing goals are clearly defined beforehand, the skills of both the agency and the client's marketing department are transparent, and the distribution of work is undisputed.

Selecting a creative agency is an important event in the working life of a CMO. With 80% of a marketing department's services provided by agencies,¹ this is clearly a crucial decision. Four out of five companies rely on the help of agencies,² which have become the extended workbench of the marketing department.

If a well-known brand changes its agency, there's a stir in the industry and headlines are created in the press. Typically, you read about 'strategic realignment' and 'more focus on creativity'. What's often not mentioned is that up to 30% of the costs can be saved with a change in agency. However, this is countered by the cost efficiency of long-term agency relationships: If the agency is well-rehearsed with the customer, experience shows that its campaigns have a greater impact on the market because the agency knows how to better implement its client's strategy.

However, such certainties are put into question in the light of significantly changed requirements for agencies. The reason lies in the changed media behavior of modern audiences: Consumers today have high expectations of the brands they use. They want to enter a dialog with the brand they love, and this via their preferred channel and at the time of their choosing. They only pay attention to new content if it is relevant to them. Communication must be personalized.

While this means that agencies have precise information about the interaction and transaction history of consumers, their work is complicated by the fact that a very large group of recipients must now be addressed individually. In other words, personalized mass communication. This can no longer be done manually. The solution lies in marketing automation.

Moreover, eCommerce is changing the role of the CMO. It has expanded

beyond marketing communication to become more holistic. For example, a Capgemini survey among 1,600 marketing executives found that 76% were responsible for contributing to business growth.³ This has had a knock-on effect for creative agencies. They are now being asked for different types of expertise because CMOs have not only a data, but also a technology deficit.⁴



1. Bauer, 2017, p. 3

2. Villaret et al., 2021, p. 10

3. <https://brandequity.economictimes.indiatimes.com/news/research/76-cmos-are-responsible-for-contributing-to-business-growth-capgemini-research/86583469>

4. cf. Villaret et al., 2021, p. 13



“The task for tomorrow’s agencies will be more about developing business cases. They must provide their customers with target-specific communication products that support marketing and with which value and profit can be generated in a digital market.”

Jochen Sengpiehl,
CMO Volkswagen AG.

Accordingly, CMOs are shifting their budgets away from creation and media to marketing technology and data. They expect appropriate know-how from agencies, but that’s easier said than done.



Reasons why agency selection is a challenge

So, what makes choosing an agency such a complicated process?

Experience suggests that there are many reasons. To begin with, it's never just about a single agency, because today often one agency alone cannot cover the know-how needed to design omnichannel communication. The required media expertise is too diverse. Instead, a CMO usually has several specialized agencies that ideally work together. This form of cooperation is called an agency model.

What we have seen is that cooperation in this model only works if the agencies are rewarded according to a common result and not according to their individual contribution. While many clients expect their agencies to work in a team, they often lack an overall plan that shows their roles and expected contributions to the overall outcome⁵

It is no surprise that the lack of a plan leads to violations of the division of labor that are often not sanctioned by the CMO. As a result, some agencies tend to take on tasks that another specialist could do better — often referred to as 'moral hazard' where one agency knows they shouldn't be undertaking a task but does so regardless, for the sake of new business. This can erode a client's trust in its agencies. That's why many CMOs plan to create certain agency services in-house in the future.⁶



Building a new agency model

To address these obstacles, it is necessary to see agency selection in a larger context, asking the question of what the collaboration looks like and what role a new agency should play in it. Often this doesn't happen.



"We've seen companies sign agencies without first clarifying roles and responsibilities among new and existing partners."

5. cf. Ritson, 2021; Bauer et al., 2017, p. 2

6. Gartner, 2020, p. 3; Villaret et al., 2021, p. 10

The origin of this problem sometimes lies within the person of the CMO. Some don't define the scope of work of their own marketing department and what need agency support arises from this. This is especially so in large companies that have previously worked in silos, and which find it challenging to form interdisciplinary teams with experts from different business fields e.g., CRM, media, customer care. Therefore, it is no wonder that 80% of CMOs are not satisfied with the quality of cooperation, as found in a 2020 survey of 493 global companies.⁷ However, if the client's organization still works in silos, the creative agency can't fix it.

First and foremost, however, the CMO should ask what the marketing department's value creation focus is. When selecting an agency, the decisive question then should be what value an agency could add. Is the focus on ideas, service, people? In this respect, the selection of a new agency requires its own vision for the marketing department. The more realistically one's own abilities are assessed (as well as the agency's), the more efficient the future cooperation will be. Building effective agency relationships is thus a two-way street.⁸

The agencies should reflect the characteristics of the client's marketing

organization. Substantial improvement in performance relies in determining the capabilities in technology and operations to achieve the overall, value-based objective for marketing. The vision of the CMO is the basis for determining the capabilities necessary to achieve it.⁹

The guiding principles of the future agency-client relationship depend on seven characteristics of the client's marketing organization.

Guiding principles for building a good agency-client relationship



The support that is needed can be clarified with regard to the marketing department's value chain. Unlike in the past, value creation is no longer just about the big idea or the ingenious campaign.¹⁰ Rather, it needs to be based on the requirements of customer experience management, which is much more comprehensive.

7. Rodriguez-Vilà et al. (2020, p. 105)

8. <https://www.capgemini.com/dk-en/2021/06/three-pillars-upon-which-cmos-can-create-a-successful-agency-model/>

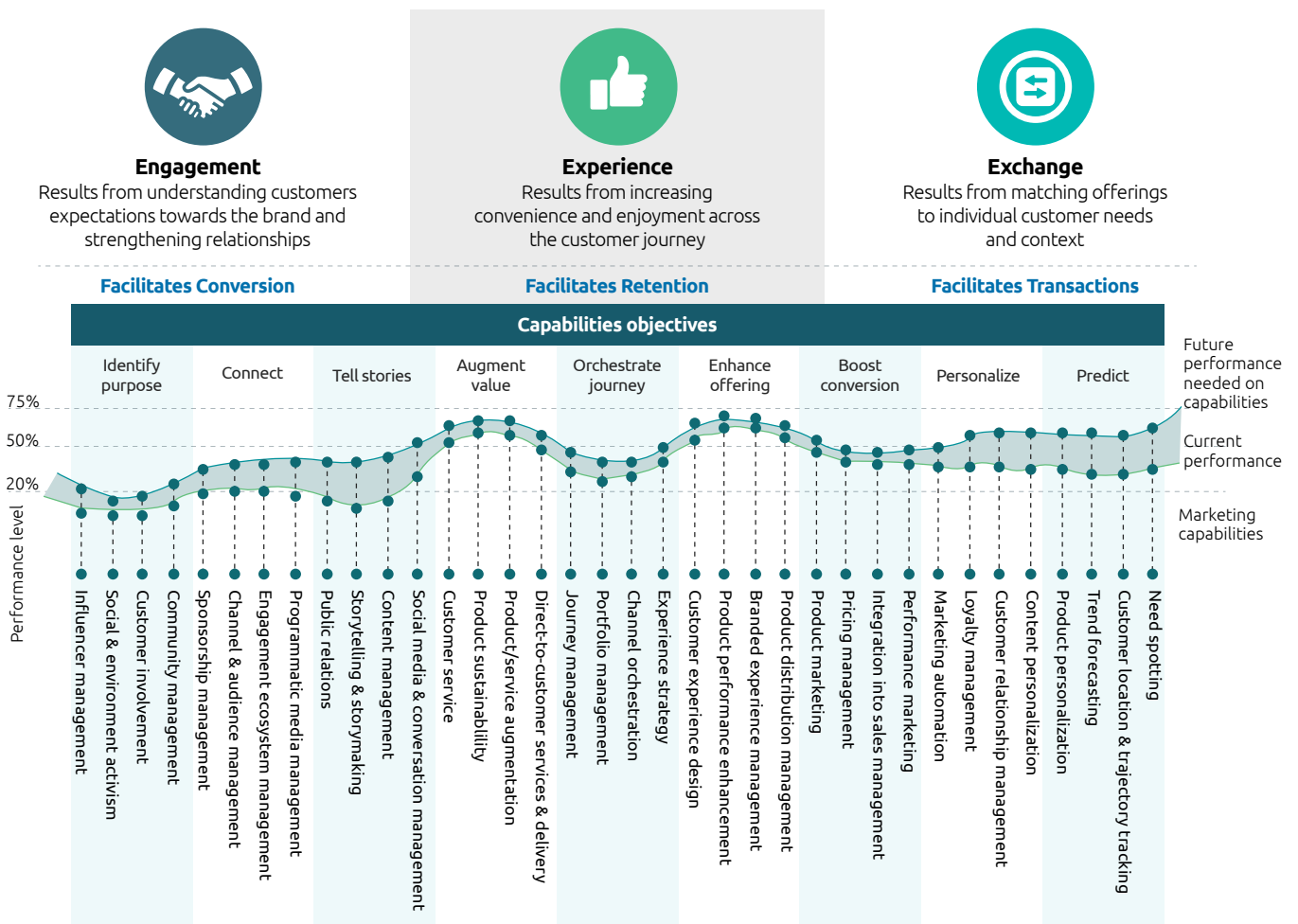
9. Rodriguez-Vilà et al., 2020, p. 107, <https://www.linkedin.com/pulse/how-organise-my-team-effective-content-marketing-thomas-dmoch/>

10. cf. Gruhl, 2011, p. 130



"The process of companies to take ideas to market was once straightforward and is now an interconnected ecosystem of ideas, content management and constant engagement. Therefore, client-agency relationships are undergoing dramatic change to new ways of reaching consumers."¹¹

Fit-Gap-Analysis of the marketing department's capabilities¹²



Today, the modern marketer needs a blended-skills team, which requires both an artistic and creative mindset, as well as an analytical and methodological viewpoint.¹³ Deciding which capabilities are necessary for the provision of services and whether they will be provided by the agency or marketing department should be worked out in collaboration with your agency. This is not done in one step but is a continuous process.

11. Bauer et al., 2017, p. 3

12. Rodriguez-Vilà et al., 2020, p. 108

13. <https://www.thedrum.com/opinion/2021/12/02/how-cmos-can-build-unicorn-marketing-team>



“A common mistake that must be avoided in enabling the flexible interplay of agency and client is to simply take existing processes and digitize them for a new platform.¹⁴”



Allocating tasks between client and agency

The starting point is to pick out a specific, perhaps important, marketing task. How an agency perfectly complements the capabilities of the marketing team can be evaluated through iterative integration, starting with the main marketing tasks. An appropriate agency is selected allowing extension of responsibilities. The successful collaboration provides insights for improvements, which are directly implemented in short iterations in the marketing team and in the agency at the time. The result of a first iteration could be a prototype of a new work process — what we call an MVO (Minimal Viable Organization).¹⁵

This approach is quite possible for large companies but reaches its limits for small companies. Small businesses do not have the ability to dictate process or system standards to their agencies due to their low market power. This makes it more important for small companies to find an agency of comparable size for which the client is of significant budgetary importance.

Large companies tailor their ideal agency e.g., Mercedes-Benz with EMIL, and Kärcher with Publicis Boost.

In this respect BMW recently decided to work only with a couple of agencies in order to increase the efficiency of its marketing operations. “The MarCom” takes care of European product communication. It consists

14. Cramer, 2021

15. www.capgemini.com/2021/11/building-an-adaptive-marketing-organization-with-the-right-combination-of-process-optimization-and-suitable-it-platform/

of a tailor-made combination of Serviceplan, Berylls and MediaMonks.¹⁶ A second agency model has now been established for brand communication and PR: The Game Group. Behind them are Jung von Matt and Experience One.¹⁷

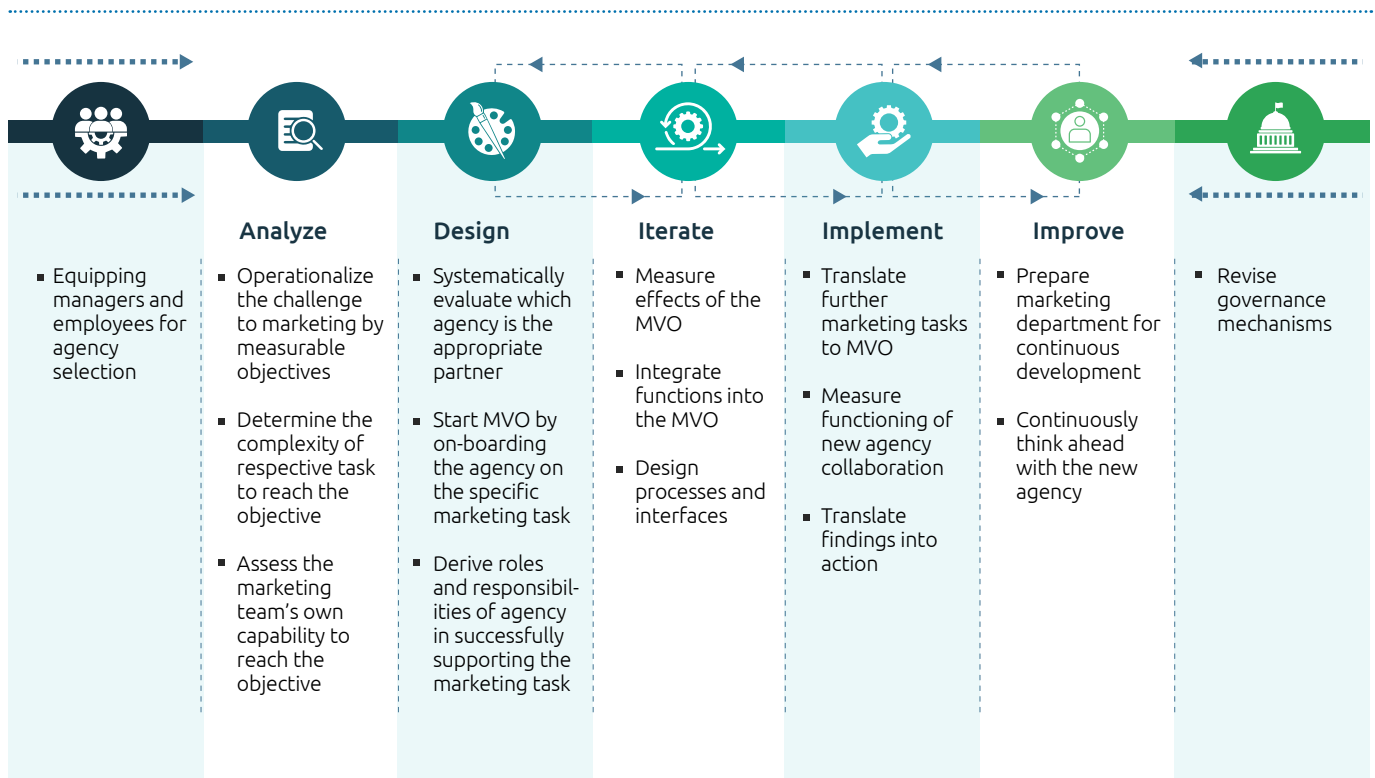
The key trait of both BMW agency models is the better collaboration

between corporate communication and marketing in order to maintain a highly responsive dialog with the target groups using relevant content. The Game Group sets the creative direction of narrative and tonality. BMW stopped its collaboration with other agencies. This is an example for the extreme integration of agencies to optimize collaboration.¹⁸

Defining the agency model

The creation of an agency model is iterative and usually runs through five phases.

Iterative agency integration starting with the marketing tasks



These iterations end up in a specific agency model. Several agency models are possible. They differ in their degree of specialization and to what extent the management of specialists is centralized or cooperative. An agency model usually consists of one or more agencies, whereby sometimes a central authority e.g., a lead agency, takes

over the management of the specialist agencies and the client contact. Agency models define the form of cooperation.¹⁹

The higher the professionalism of the client's marketing team and the more complex the marketing tasks that the agencies are supposed to support e.g.,

customer experience management, the more specialized and cooperative the agency model should be.

That's not all. The higher the professionalism of the marketing team, the more likely the client will want a direct interaction with the specialists without an intermediary authority.

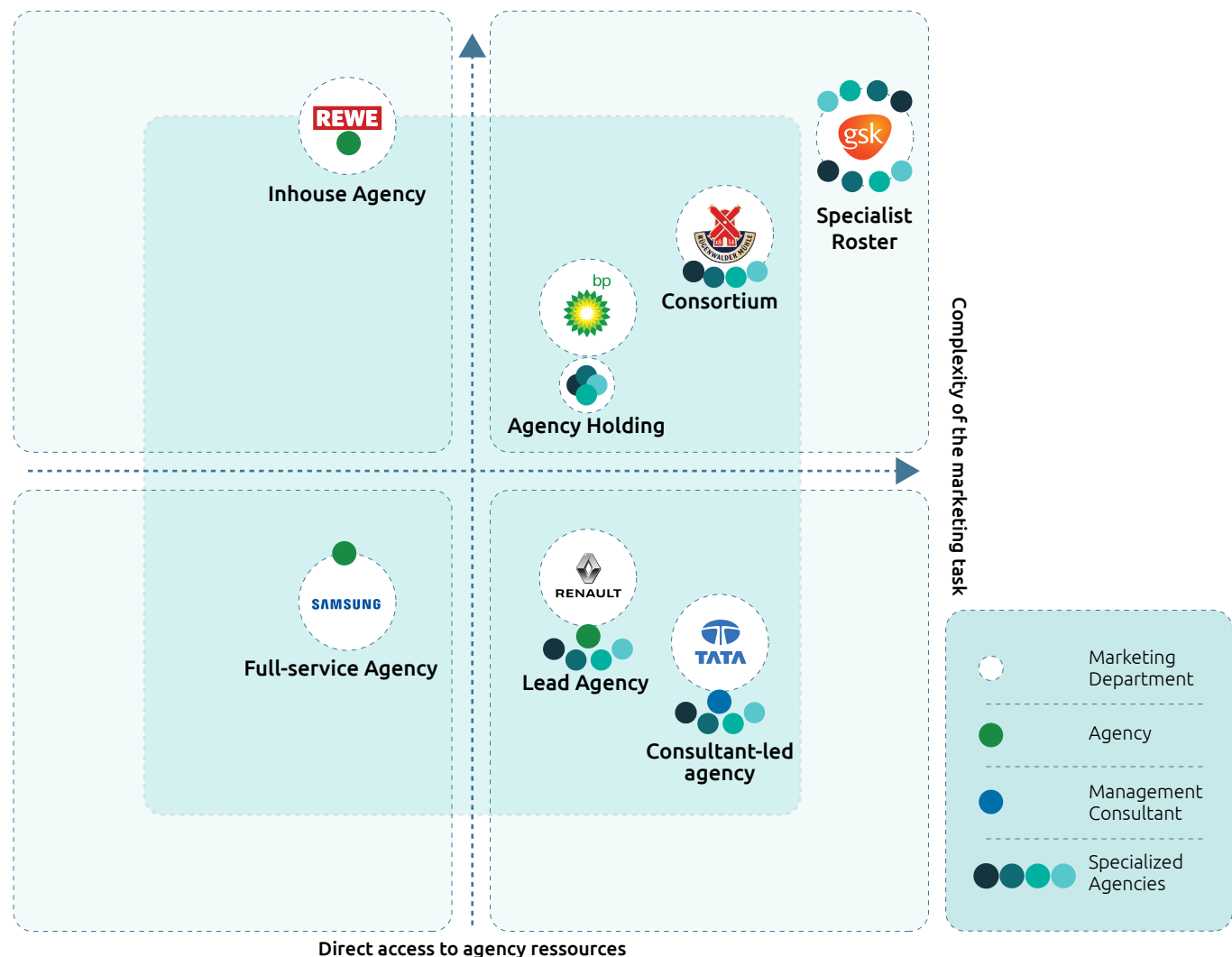
16. <https://www.thestable.com.au/bmw-creates-a-master-agency-network-for-europe-made-up-of-the-serviceplan-group-media-monks-berylls-strategy-advisors/>

17. <https://www.prreport.de/singlenews/uid-918408/the-game-group-orchestriert-kommunikation-von-bmw/>

18. <https://www.webwire.com/ViewPressRel.asp?ald=270642>

19. <https://www.capgemini.com/de-de/resources/digital-transformation-of-marketing/>

Agency models differ in the complexity of marketing tasks mastered and the direct access to creative resources (figure with exemplary clients).



Depending on the complexity of the marketing task, these agency models allow varying degrees of collaborative exchange between the client’s marketing team and the creative specialists.

Every agency model has its strengths and weaknesses which determine its suitability for clients. For example, if the marketing tasks are not very complex (in terms of degree of

elaboration of each marketing means) and therefore need a low client-agency integration, a full-service agency is the agency model of choice. This is recommended when the skills of the marketing team are still under development. Usually, it quickly becomes obvious that this agency is adequate.

Whereas complex tasks require several iterations before finding the final

solution and lead to highly developed agency models. Here we see many specialized agencies cooperating strongly with each other and in direct exchange with the customer e.g., the Specialist Roster.

With the digitization of marketing, the pressure on CMOs to realize highly developed agency models is increasing.²⁰

20.. cf. Dmoch, 2019, p. 60

Strengths and weaknesses of agency models

Holding



Holdings inherent specialized agencies that can work together on project basis e.g., WPP, Omnicom and Publicis.

- High level of expertise
- Direct access to specialists
- Complex management
- Tendency to higher costs

Recommended for:

Marketing departments of internationally expanding or global companies with limited internal marketing expertise.

Marketing department requirements:

- Realistically assess the complexity of the marketing task and make an appropriately informed selection of the agency holding company.
- Forming a project team to manage the agency holding company

Specialist Roster



Depending on the task, the marketing manager selects from a pool of specialized agencies. They work together on a project-by-project basis, sometimes in competition. The marketing manager is responsible for coordination.

- High creativity
- Attributable performance contributions
- No filter by coordinating authority e.g., lead agency
- High coordination effort, especially when agencies are in competition with each other
- Cooperation is not encouraged
- Integrated communication more difficult

Recommended for:

Marketing departments with highly developed marketing skills as well as structured processes and digital customers with high requirements such as real-time and multichannel marketing.

Marketing department requirements:

- Thoughtful selection of relevant specialist agencies
- Integration of agencies into processes and systems
- Know-how in the marketing team for agency management.

Lead Agency



A lead agency defines the guidelines for communication on behalf of the client and manages other, specialized agencies for the client. The idea of the lead agency is adapted by all other agencies.

- Low resource requirements for Marketing department
- Delivery of complex marketing tasks
- Slow implementation
- Might not cover all digital services (e.g. newsletter, SEO/SEA)
- Filter ideas as a coordinating authority

Recommended for:

Marketing departments with limited internal marketing expertise and customers with advanced requirements such as real-time and multichannel marketing.

Marketing department requirements:

- Thoughtful selection of lead agency, e.g., based on long, successful collaboration.
- Forming a project team to manage the agency

Consultant led Agency



A management consultancy takes on the role of a lead agency. It also takes care of the organizational restructuring of the marketing department and the utilization of data.

- Relief for agency management
- Strategy know-how & change management
- Impartial
- Higher costs than lead agency
- Doubts about competence in brand management
- Lack of creative understanding

Recommended for:

Marketing departments with limited internal marketing expertise and with digitally very mature customers who expect real-time interaction across a wide range of channels. There is high pressure to act here.

Marketing department requirements:

- Transparency about the consultant market
- Willingness to change and learn

Consortium



In a consortium, specialized agencies organize themselves without a superordinate authority. The consortium regularly exchanges information without the marketing manager. To this end, the marketing manager defines clear responsibilities and roles in advance.

- Less coordination effort for the marketing manager
- Collaboration is encouraged
- Not applicable to complex projects
- Low stability, unless the cooperation is promoted, e.g., by mutual assessment of the cooperation

Recommended for:

Marketing departments with developed marketing expertise as well as structured processes and highly digital customers with requirements such as real-time and multichannel marketing.

Marketing department requirements:

- Thoughtful selection of relevant specialized agencies
- Definition of clear roles and responsibilities of the agencies
- Incentivizing collaboration among agencies/sanctioning violations

Inhouse Agency



The inhouse agency is a company-owned service provider that, unlike a marketing department, also covers creation and execution.

- High speed of implementation
- High transparency
- Possibly not impartial
- Possibly decreasing creativity
- Lack of innovation due to missing external impulses

Recommended for:

Marketing departments with highly developed marketing expertise as well as structured processes and customers with a predominant need for traditional communication channels.

Marketing department requirements:

- Expertise in creative and marketing operations.
- The brand must be attractive to creatives and the team culture must be open-minded or creative-driven
- The work processes must be designed for a close connection between the marketing department and the inhouse agency

Full-Service Agency



The range of services offered by a full-service agency is very broad. Based on strategy development, it includes media planning in addition to implementation of the advertising idea through various advertising media.

- Integrated communication easy to implement due to clear division of labor
- Contact person relieves the marketing manager
- Transparent
- High costs
- Risk of dependency
- No agency today can serve all media genres equally well. Lack of deep expertise.

Recommended for:

Young marketing departments with limited internal marketing expertise and clients with a predominant need for traditional communication channels.

Marketing department requirements:

- Dedicated selection of the agency
- Form a project team to manage the agency

Legend

	Marketing Department
	Agency
	Specialized Agencies
	Consultant

The change from one agency model to another must be accompanied by careful change management. But often the CMO dazzles the agencies in change communication, which in 70% of cases leads to the failure

of cooperation. This is remiss if one strives for integrative interaction with the agency, as well as in the agency model. Rather, creatives should be treated like employees.²¹

Five steps to selecting an agency

Finding and selecting a suitable agency, which can be the cornerstone or part of an agency model, is a process in its own right. This process consists of five steps.



“Only big clients need big agencies, since many clients would be deeply humiliated if they knew that their advertising could easily be handled by two people and a dog.”²²

Five steps to select the right agency

Analysis	Screening	Briefing	Selection	Onboarding
<ol style="list-style-type: none"> 1. Operationalize the marketing challenge 2. Derive technical and operational requirements 3. Clarify budget 4. Decide on make-or-buy 	<ol style="list-style-type: none"> 1. Derive criteria catalog from requirements 2. Screen agencies 3. Create agency longlist 4. Create tender 	<ol style="list-style-type: none"> 1. Conceive agency briefing 2. Plan chemistry meetings 3. Arrange re-briefing 4. Select agencies for the shortlist 5. Agree on pitch fees 	<ol style="list-style-type: none"> 1. Moderate chemistry meetings 2. Evaluate agency fees 3. Rate performance in workshop, pitch or trial order 4. Rank agencies and give recommendation 	<ol style="list-style-type: none"> 1. Negotiate a contract 2. Joint press announcement 3. Establish work processes 4. Moderate transition period from old to new agency 5. Introduce into company and to other agencies
<ul style="list-style-type: none"> ■ Problem statement ■ List of requirements ■ Definition of agency role 	<ul style="list-style-type: none"> ■ Selection criteria list ■ Call for tender ■ Agency longlist 	<ul style="list-style-type: none"> ■ Agency briefing ■ Agency shortlist ■ Meeting plan 	<ul style="list-style-type: none"> ■ Workshop or pitch moderation ■ Agency recommendation 	<ul style="list-style-type: none"> ■ Onboarding package ■ Draft of contract ■ Press announcement ■ Collaboration model

These five steps extend over two to ten weeks, depending on the volume of the tender. The selection requires the active cooperation of client and agency. **Further, it needs one or two resources at the client's side to organize the selection.**

Step 1: In the **analysis phase**, the problem being addressed by a new agency relationship should be in the sales funnel. Is the problem one of awareness, image, purchase intent, purchase, or loyalty? On this basis,

agencies can be narrowed down according to their media expertise. Furthermore, by comparing the requirements with the skills of the marketing team, you can determine what can be done inhouse and what should be outsourced (make or buy).

Step 2: Screening is about using desk research to reduce the number of possible agencies to a longlist of seven to ten that are generally eligible for the task. Criteria include the appropriate range of services, the agency

philosophy, industry experience and previous successes, and sometimes the size, because it implies a certain intensity of support. Employees e.g., well-known creatives, and the list of clients say something about the competence of the agency, the latter also whether the assignment is prohibited due to a competitive conflict of interest. Sources for screening include publications such as Advertising Age,²³ search engines such as 4A's Agency Search,²⁴ **Agency Spotter**²⁵ or

21. cf. Ziegler, 2021, p. 2

22. Foster, 1996, p 37

23. <https://adage.com/>

24. <https://ams.aaaa.org/eweb/contentwp.aspx?webcode=findagency>

25. www.agencyspotter.com

GWA's²⁶ agency matching and, of course, the credential presentations of the agencies themselves. Another source are agency rankings based on creative competitions such as the Cannes Advertising Film Festival,²⁷ efficiency competitions such as the Effie Award,²⁸ or on the research of the World Advertising Research Center (WARC).

In addition, there are numerous pitch consultants who take over the selection of agencies for their clients. The advantage of this is the market overview they offer and the reduction of organizational effort.²⁹ It should be pointed out that the added value of pitch consultants is controversial because they are not always considered neutral. In addition, you lose the opportunity to get to know the agencies personally. The agencies selected for the longlist can be invited to introduce themselves personally in the context of so-called **chemistry meetings** to clarify the personal fit and qualifications. Such meetings usually do not yet address the specific task of the customer and are free of charge.

Step 3: A good **briefing** is the prerequisite for good agency work. It represents the work assignment to the agency, and its content should comprise the task, communication objective, core message, target group, mandatory elements, the schedule, and information about the type of success control and the budget amount. A good briefing is specific, measurable, ambitious, but also realistic. However, according to a study by Marc Ritson (2021),³⁰ 90% of all briefings miss these quality criteria. Why? Both because the specific task is poorly described and because the role in the agency model is not defined. 80% of marketers believe they write good briefings, but only 10% of agencies agree. That's why it's important the CMO has previously

designed a vision for marketing with a focus on service creation and matched it with the skills of the internal team. Only when this is available is the agency able to play a specific role at all.

The communication between agency and client is especially important in the briefing phase because the solution is tailor-made, and it is easy for the result to be off strategy due to misunderstandings. In view of the high effort that agencies invest in the solution, it is a good thing to set up the possibility of re-briefing and queries. If, on the other hand, the interaction is limited too much due to an erroneous understanding of compliance e.g., to the written submission of questions, experience has shown that this leads to offers that miss the task.

Step 4: Pitches are not necessary for the **selection** of an agency. Pitches are artificial situations that have nothing to do with everyday work in a client-agency relationship but are very time-consuming and costly. In favor of the "what?" the "how?" of cooperation is neglected. In addition, if the top salespeople present the agency and not the intended delivery team, the customer gets a wrong impression. It is much better to rehearse the cooperation in everyday situations. By experience, alternatives to the pitch are the workshop or the trial order.

At the **workshop**, the agency, ideally the account manager, strategic planner, copywriter, and art director, is invited to a one- to two-day offsite meeting in an inspiring atmosphere to think through the communication problem — without PowerPoint charts or scribbles.



The **trial order** extends to a defined communication task that is solved alongside or instead of the work of the existing agency e.g., the concept of a prospectus.

26. <https://www.gwa.de/agenturmatching/>

27. <https://www.canneslions.com/>

28. <https://www.effie.org/>

29. <https://www.winmo.com/agency-new-business/the-list-of-top-agency-search-consultants/> or <https://die-richtige-agentur.de/tools/checkliste-dienstleister-die-bei-der-auswahl-helfen>

30. <https://www.marketingweek.com/mark-ritson-better-briefs/>

However, if you think that a pitch makes sense, you should consider the following points:

1. Every agency receives the same briefing. Take your time to answer the agencies' questions.
2. Ask for a re-briefing by each agency to verify their proper understanding.
3. Because pitches demand creative excellence, a presentation fee is appropriate.
4. Outline in advance the main features of a contract and the remuneration.
5. Set your expectations for the presentation in advance e.g., duration, delivery team, layouts or more.
6. The selection committee should consist of those people who ultimately work with the agency. Limit yourself to three finalists.
7. At the beginning of the pitch, remind all participants of the briefing.
8. Protect yourself from the interchangeability of creative executions by pinning the competitors' advertising to the wall.
9. Decide within the week after the pitch and inform the losers first.

Whether pitch, workshop or trial order, the assessment of agency performance should be carried out according to a systematic catalog of criteria. From 10 years of executive training at the Brand Academy of the German Brand Association, the following criteria have proven their worth.

Pitch criteria (best practice)

Agency							
Criteria		Notes	Evaluation				Weight
1. Creative Power: Does it shine?	Is there a brilliant idea?		1	2	3	4	
	Is it engaging?						
	Is it distinctive?						
	Is it original?						
2. Is it true to the brand? Is it authentic?	Will it be clearly identified with the brand?						
	Is it credible for the brand?						
	Will it build brand values?						
	Does it talk and behave in line with the brand personality?						
3. Target Group Match: Does it answer the briefing?	Is it based on consumer insight?						
	Does it communicate the defined proposition clearly?						
	Will it work with the defined target group?						
4. Persuasion Effect: Will it generate the right response?	Will consumer easily understand the message?						
	Will it affect consumers' attitudes?						
	Will it affect consumers' behavior?						
5. Campaigning Ability: Can we even use and develop it in the long term?	Will the big idea endure?						
	Is it more like a single advertisement or a campaign?						
	Can the idea be transferred into different media?						
6. Agency Relationship: Will the chemistry be right?	Will there be a sort of positive "chemistry" between the people?						
	Does it feel like a moderated "sales show" or can we sense real fascination among the agency team?						
	Will our account be passed to someone else (from top to the bottom)?						
	Will our budget match the annual agency revenue (or gross income) between 2,5% and 25%?						

The selection of the agency is also associated with the negotiation of the conditions. Most common approaches are the project fee according to fixed price, the commission, the remuneration according to expenditure (time & material), the result-oriented and the performance-oriented remuneration.

The **project fee** is the most common type of remuneration. The project fee is suitable for individual tasks e.g., an event or Christmas campaign. It's based on a cost estimate or a price list of the agency. The flat fee is recommended for work-intensive projects.

Less and less common is the **commission**, which in the past has been based on the media volume. The more advertising material is realized, the higher the turnover of the agency.

In the case of **results-based remuneration**, the client and the agency agree on both the service to be provided and a specific rate. In the case of results-based remuneration according to expenditure, the client will try to achieve the project result as quickly as possible and to make use of only necessary services. The agency, on the other hand, will endeavor to invoice

as much performance as possible for the client. In practice, billing according to expenditure occurs both on an individual project basis and in the form of a retainer.

A **fixed price** is the price to be paid by the client to the agency for a service, whereby the amount and method of payment are contractually fixed in advance. The calculation of the fixed price is the task of the agency, which makes a corresponding offer to the client. The agreement of a fixed price results in the customer's efforts to achieve as much performance as possible for the agreed price, while the agency tries to provide the services agreed in the contract with as little effort as possible. Subsequent change requests will usually be answered by the agency with a supplementary claim. In practice, the flat-rate settlement of a fixed amount occurs both on an individual project basis and in the form of retainers.

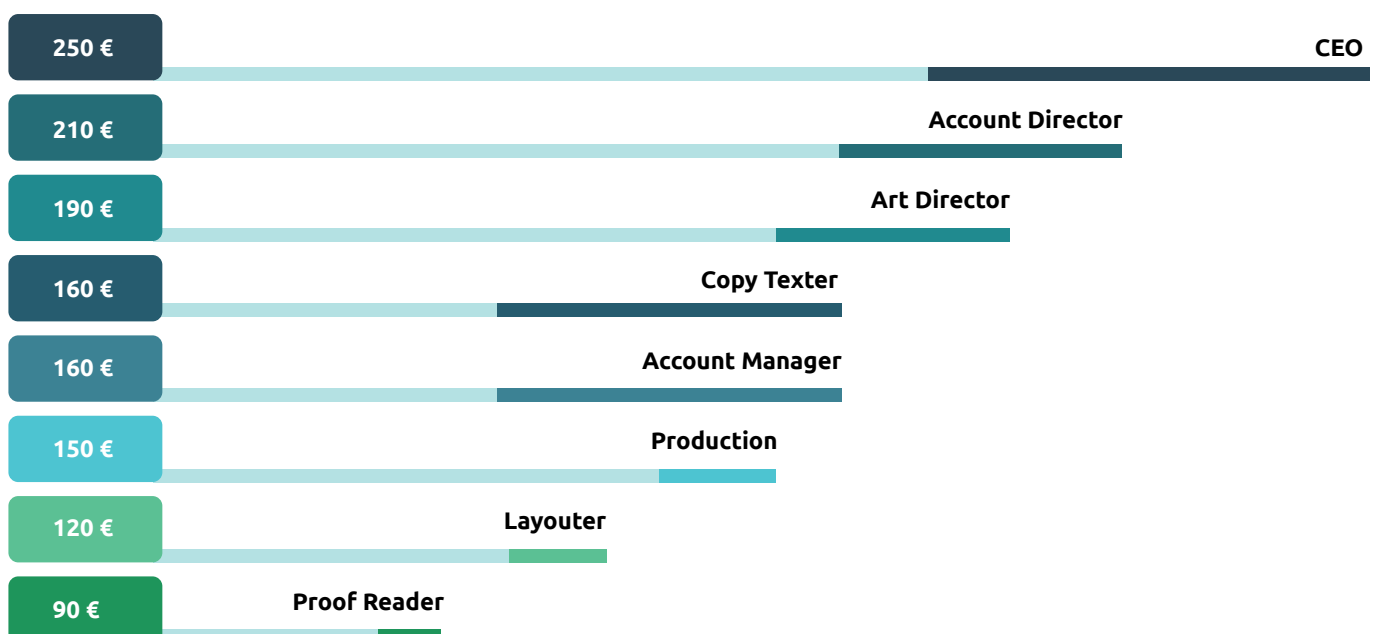
In a **performance-based compensation model**, the remuneration depends in whole or in part on the achievement of certain KPIs that are agreed in advance. In contrast to results-based compensation, these are target variables that relate directly

to the performance, i.e., the output of the agency, such as adherence to budget or deadlines.

The results-based model is comparable to a performance-based remuneration with the main difference that the focus here is not on the output of the agency, but on the outcome of the company. The goals that can be agreed between agency and client are diverse and range from increased awareness, heightened brand image and more sales, to an award that a company would like to win with a campaign. In order to make these compensation models work, objectives have to be operationalised and should be accountable to the agencies' work.

In practice, the commission, the results- and the performance-based remuneration are problematic as they do not guarantee fair shares for every party. As many parties are involved, individual contribution to success is sometimes not easy to allocate. Agency fees are a matter of negotiation. Depending on the order volume, considerable discounts are possible as a benchmarking undertaken by Capgemini found out.

Hourly rates per expertise and possible discounts



Agency billing is not always transparent. This is where it helps to check their plausibility. There are also reference values, such as those provided by werbecheck.de.³¹

The remuneration is fixed in the agency contract. An agency contract usually has four components:

1. **Contractual bases**
2. **Agency services**
 - Basic services
 - Strategic Planning
 - Design services
 - Media planning
 - Creative execution
3. **Agency fees**
4. **Collaboration model**

Step 5: Finally, after the selection of the agency, its **onboarding** takes place. The aim is to assign the agency its role in the cooperation model between all the agencies working for the client and to integrate it into the work processes. This implies extensive training along the elements of the client's capability map (see Figure 2), which can take up to six months.

From the very beginning, transparency is key to success. To this end, open all sources of information to your new agency! These sources are the marketing asset platform with all advertising means, briefings, and corporate design guidelines as well as the marketing plans. Integrate the agency into your marketing technology solutions and provide training for agency employees.

Decisive for the stability of more collaborative agency models is the sanctioning of non-mandated tasks and the incentive of group goals or good cooperation. There are even CMOs who let the agencies judge each other. Therefore, it is recommendable to make the cooperation between the

agencies, their role, and the common goals transparent. The coordination of the agencies should be clearly done by the client.

Successful onboarding can be achieved with the following four actions:

5. **Include data in your marketing vision:** Ensure data-driven capabilities are at the core of your marketing strategy and in the definition of the roadmap for transformation.
6. **Reimagine the customer journey with real-time engagement:** Implement a customer data platform, have a clear content management strategy and solutions, and use automation tools for delivery.
7. **Ensure talent is equipped with data and creative skills:** Identify in an iterative approach which and how resources are allocated along your marketing value creation process. What know-how do you need to source from within the agencies?
8. **Accelerate collaboration across the marketing ecosystem:** Foster collaboration with key functions such as MarTech, data, and marketing operations with your agencies and between those agencies.

31. www.agenturhonorar.de

In conclusion

Selecting and onboarding a creative agency is part and parcel of the modern CMO's remit. As we have seen, however, it is not a one-way-street and should engage both the CMO's internal marketing organization and the agency itself. With the requisite understanding of which entity is responsible for what task, and agreement on outcomes sought, it becomes possible to achieve the goal of the perfect client-agency relationship: **Trust**.

Reaching that goal is an evolving process and working with an agency has become much more collaborative over the past two decades. That's because consumer behavior has massively changed, becoming fast and interactive, with a demand for beneficial services (time saving, entertainment, transparency, etc.). In turn, this means that the production of advertising materials has been significantly accelerated, so the fast interaction of client and agency in content production is vital.

Moreover, multichannel communications makes multiple specialist agencies necessary. As a result, perfect coordination is important to avoid losing time. Thus, selecting an agency with the right competencies is complex and starts with the CMO's analysis of which capabilities are missing in the internal marketing department's value chain. And, as the professionalism of marketing teams has improved significantly in recent years, internal marketers are looking for direct access to the creatives in the agencies.

The overall picture is one of strong integration of agencies into their clients' daily work — there's no longer a 'waterfall-principle'. Consequently, the task of selecting an appropriate agency has become more of a task of **organizational transformation**, including process reengineering, skills assessment and restructuring the organization, both the client's marketing team and the agency set-up. Creativity is the raw material of marketing. For a CMO, it always stands in a business context and shouldn't be "l'art pour l'art". Behind stand clear commercial objectives. This makes it a complex project and one for which Capgemini recommends the support of a consultancy with organizational and sector expertise.





Get in touch

If you're looking for the perfect target operating model for your marketing organization, get in touch with Capgemini. We'll help you build a responsive and interdisciplinary marketing organization that includes a complementary agency collaboration model. The result? The high speed creation of relevant, great marketing material that meets your customers' expectations.

Thomas Dmoch is the Global Offer Lead in Connected Marketing. He is heading a talented team of dreamers, thinkers, techies and brand strategists, driven to activate people by great emotional experiences that win their hearts and move markets. Contact him via thomas.dmoch@capgemini.com



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