

Marketing agencies: the choice is yours

By Dan Croxen-John

As your business grows and the quality of your marketing becomes increasingly important to your continued expansion, you will inevitably ask yourself how best to organise your marketing function: What functions should be performed by your existing marketing team, and what should be outsourced?

Often this type of question occurs at a significant point in the organisation's development—possibly a plateauing of sales, a fallow period or even exceptional growth rates that are going to be difficult to sustain. Alternatively it may be because you have struggled to recruit a replacement for a key member of your existing marketing team.

Buy or build?

In short, you have to decide whether you are going to “buy or build”: Are you going to buy external help or build your internal resource? Given that marketing spend is often the second largest variable expense after suppliers, the importance of this question cannot be overestimated. It is accepted within our industry that elements of the marketing function will be outsourced—does any cataloguer own its own printing presses?—but the extent to which the responsibility for the direction of marketing strategy devolves is crucial.

As multichannel marketers we should be adept at selecting and managing a range of suppliers that provide specialised services and, in effect, are implementing our marketing strategy. But there is also a suite of other marketing suppliers that may be involved in the joint development of marketing strategies, as well as in some cases responsible for executing the strategy. These are the marketing agencies.

When determining whether to “buy” the services of a marketing agency, the first thing to consider is what your business's major challenge is: Distinguishing yourself from the competition? Extending your brand into other markets? Increasing customers' lifetime value? Lowering the cost of customer acquisition?

Typically, developing and executing strategies to address challenges requires an interdisciplinary approach. Defining your business's main challenge requires input from a range of areas throughout the business and from top to bottom.

In the past I have used “planning triangles” to help my team and me organise our thoughts. Having defined our “overall aim”, we then identify the “outcomes” that would prove that we have reached our aim, and lastly identify the “activities” to achieve these outcomes.

After identifying the activities needed to reach your overall aim, you need to take a careful look at whether they are best performed by an in-house or an external team. For instance, you may well feel that your relationships with the trade press and your press-release skills are such that you would never choose to outsource this function; on the other hand, you might well say that this is an area where an external resource could achieve much better results.

Briefing and screening

With a list of activities that you feel could be done better by a third party, you can develop a brief to start selecting a marketing agency. Be aware, however, that no one agency will be a perfect fit for your requirements, so your final job is to rank your required activities/functions into order of importance. This will help you evaluate agencies where the fit between what you require and what they offer is not complete.

Do not underestimate the amount of time it will take to build a shortlist of potential agencies

Picking a marketing agency out of the Yellow Pages is not advisable; your first port of call should be talking to others in your industry about the functions you need an agency to perform. You might consider using an independent consultant to help you with this trawling process, but limit his involvement to the screening process. Do not underestimate the amount of time it will take to build up a list of companies that will satisfy at least 60 percent of your requirements. You will need to look beyond their websites and at their list of clients, their specialities and their case studies—and this is before you have even spoken to them.

At this screening stage, set up an Excel spreadsheet to keep notes on whom you have considered, what feedback you've received and how each agency fits with your requirements. This log will also be useful in coming to your final decision, as too often the most-salient points get lost somewhere in your notes.

Once you have agreed on a shortlist of possible agencies, contact them. I set great store on how quickly one gets through to a salesperson or, if he is not around, how quickly your call is returned. New business is the lifeblood of an agency, and if a salesperson doesn't come back to you quickly, imagine what response you might get once you are a client.

Prior to meeting with the shortlisted agencies, explain to each the thinking you and your team have gone through, send them your completed planning triangle and let them know that meeting your overall aim is the reason you are looking to an external agency. They will inevitably offer to come to your offices to meet with you, so ask them to make a presentation as to how they would assist you in

achieving your aim and the intended outcomes.

In their presentations, ask them to provide information on

- financial standing—turnover, profitability, debt. You don't want them going under or jacking up prices six months into the contract.
- the size of their clients. Particularly watch for one or two clients generating a significant proportion of their income.
- the proportion of the team working on your account who have worked on the client side. Too often agency folk haven't been on your side of the desk, and this can limit the value they'll add.
- how your account will be managed. Will you meet the “big cheese” only to end up being palmed off on the junior staff?
- how they retain and develop their staff. Retention is crucial, as a new account manager will take a while to get up to speed with your account.
- whether they accept clients from the same sector, and if so, how they manage confidentiality.
- their entire client list going back three years. Don't accept the few choice clients they want to focus on.

Involve a wider team from your organisation during the presentations. Often they will see things you may miss or ask an awkward question that helps you to decide. Keep using the spreadsheet you have set up to take notes, and bring in thoughts from the team. Use these notes to cut the shortlist to just three contenders.

Using the client lists, pick at random up to five existing and previous clients, although in reality you might only get to speak to three of them. For previous clients you want to understand why they are no longer working with the agency, and for existing clients you want to understand how the relationship has developed and how valuable the agency has been to their business.

Don't forget to ask yourself whether you and your team can work with the chosen agency, however good its references are. Finally, talk through your decision with someone from outside the business. He may well highlight a factor or an issue that you and your team have not discussed.

Making the decision

You are now at the point in the process where you have one winner and several losers. Inform the chosen agency that subject to reaching agreement on the commercials, you would like to appoint it as your marketing agency. For the losers, give them honest, objective feedback.

Last of all, arrange a social event with the new marketing agency and your team so that you can start building a productive, working relationship. ■

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