



Appointing Design Agencies

The Client View

Research results of a study undertaken by
British Design Innovation, BDI member Firedog Design
and supported by ISBA. October 2005

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Agency Appointment Survey supported by ISBA

This ‘touch stone’ survey was completed by 23 of the UK’s largest design procurement/buyers - all of whom are members of *ISBA.

* The Incorporated Society of British Advertisers (ISBA) is the representative body on all aspects of marketing communications for some 380 leading UK advertisers, whose combined spend on marketing communications is over £10 billion per annum.

Number of respondents – 23

Date: 31st August to 26th October, 2005

Method: Online survey using online research product, Zoomerang.



firedog

Undertaken by Maxine J Horn and Jeremy Walker of British Design Innovation and BDI member Fraser Black of Firedog Design and supported by ISBA.

Executive Summary

The objective of this research was to gain further insight and understanding into how leading buyers of design services appoint UK design agencies and the issues they face during the identification, evaluation and appointment process.

The research respondents are blue-chip organisations with significant marketing departments and budgets representing the ‘who’s who’ of global and UK brands.

A survey consisting of 35 questions was developed using an online research tool. 70% of the respondents describe themselves as international organisations and the remaining 30% describe themselves as global.

This research offers a balance between the views of commissioning organisations and the agency view set out in the results of the Pitch versus Productivity survey undertaken by BDI and Firedog in October 2005.

When comparing the results of both surveys it is clear that there are attitudinal differences between agencies and clients towards the pitch/appointment process.

Both parties need to improve best practice procedures to arrive at an equally beneficial procurement process.

To view the agency survey results which involved 209 participants, go to www.britishdesigninnovation.org and click on Pitch versus Productivity on the home page.

Key highlights

Methods used to identify, appoint & evaluate design agencies

- 26% of respondents find the process of identifying suitable design agencies as ‘difficult’
- 57% comment that the identification process is ‘moderate’
- Only 17% find the process easy

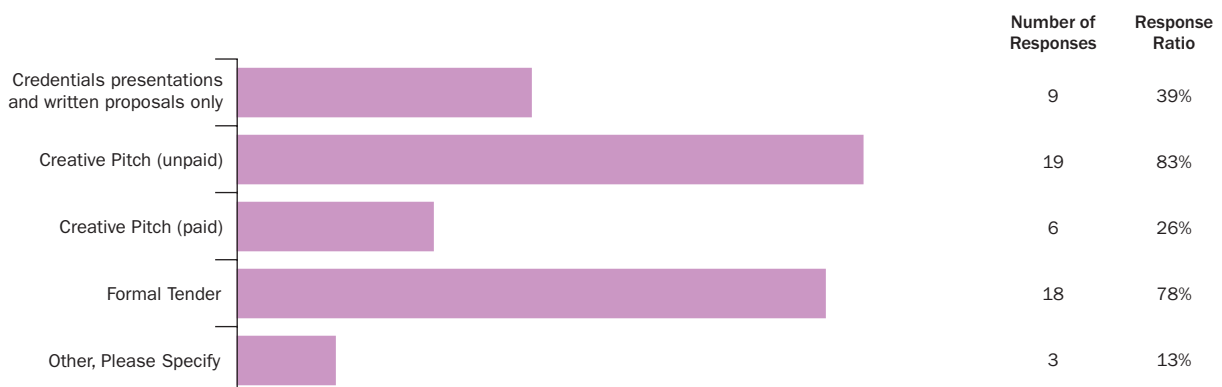
Question 6: What methods do you use to identify design agencies?



- 87% would appoint an agency recommended by a business colleague
- 96% would appoint an agency based on a previous relationship

Methods used to appoint a design agency

Question 7: Which methods do you use to appoint a design agency?



- 83% use an unpaid creative pitch to appoint an agency
- 78% use a formal tender process



Evaluation

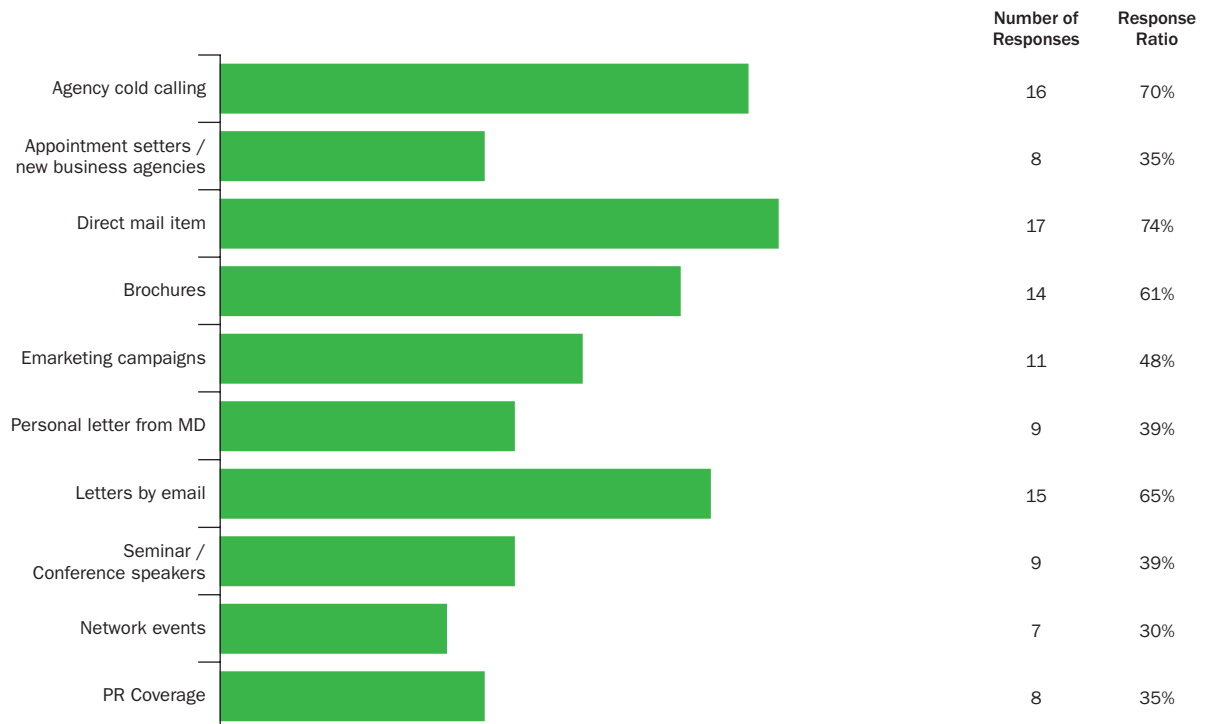
Question 10: When agencies present what aspect of their presentation do you find most useful?



- Respondents indicated that ideas/recommendations specific to their requirements were the most useful aspect of an agency’s presentation (83%)
- Case studies and sector related experience also ranked highly (61%)

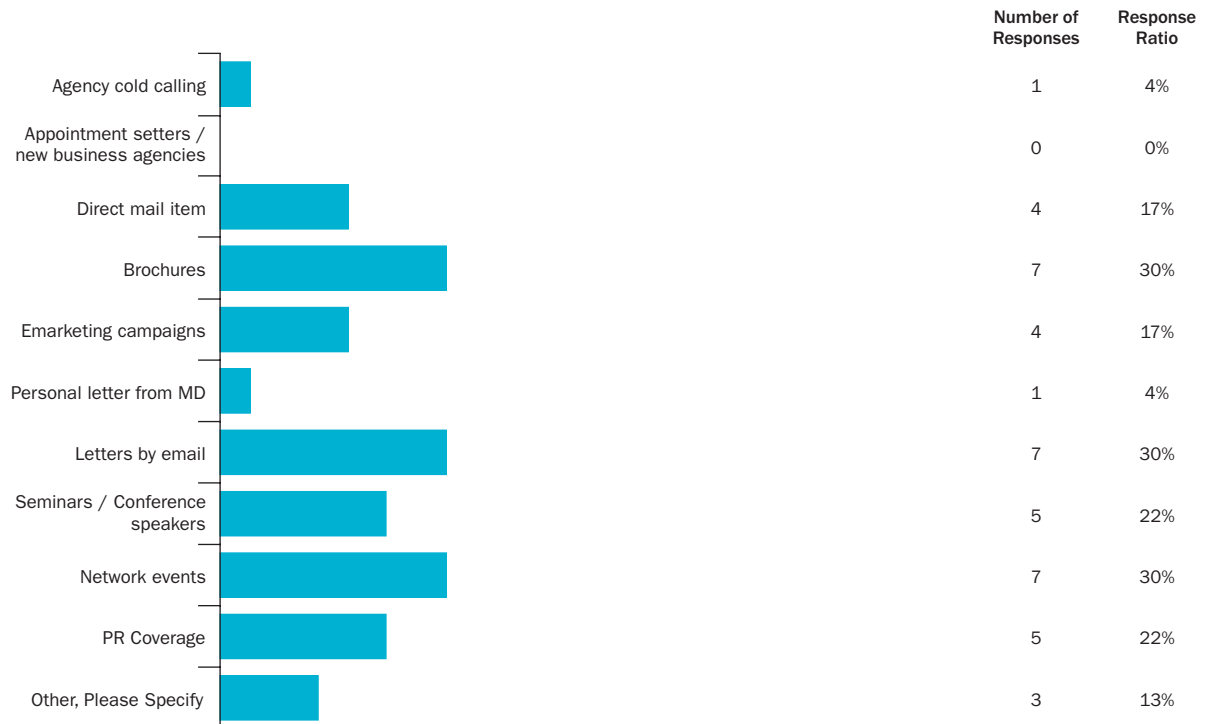
Client exposure to design agency marketing activity

Question 13: What type of marketing activity from design agencies are you exposed to?





Question 14: What type of marketing activities do you find most useful?



These two graphs paint an interesting picture of what marketing activity clients are exposed to on a regular basis as well as what they say they respond to.

- 70% are exposed to cold calling although only 4% find this activity useful to them
- 35% are exposed to appointment setters/new business agencies and 0% find this approach useful
- Only 4% said that they thought a personal letter written by the company MD was useful

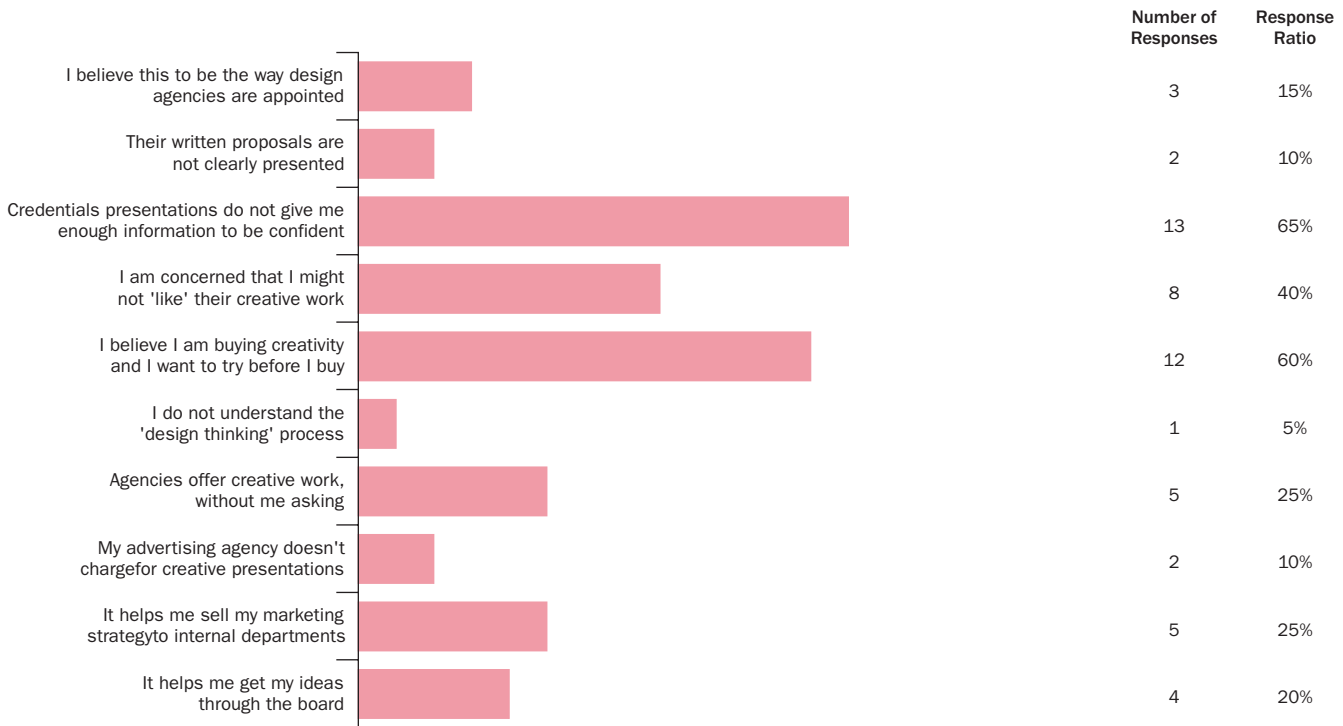
Paid & unpaid pitching

- 57% of respondents stated that they would withdraw an invitation to pitch from an agency that insisted on being paid for the pitch
- 26% mentioned that this would be dependant on the agency in question
- 70% mentioned that in their opinion, agencies should not be paid for a pitch
- When asked how much they pay agencies to pitch 44% said that they paid a nominal fee, 0% paid a full economic fee, whilst 31% said they paid expenses and material costs



Why do clients engage in free pitching?

Question 24: Why do you require an agency to present creative work prior to appointment?

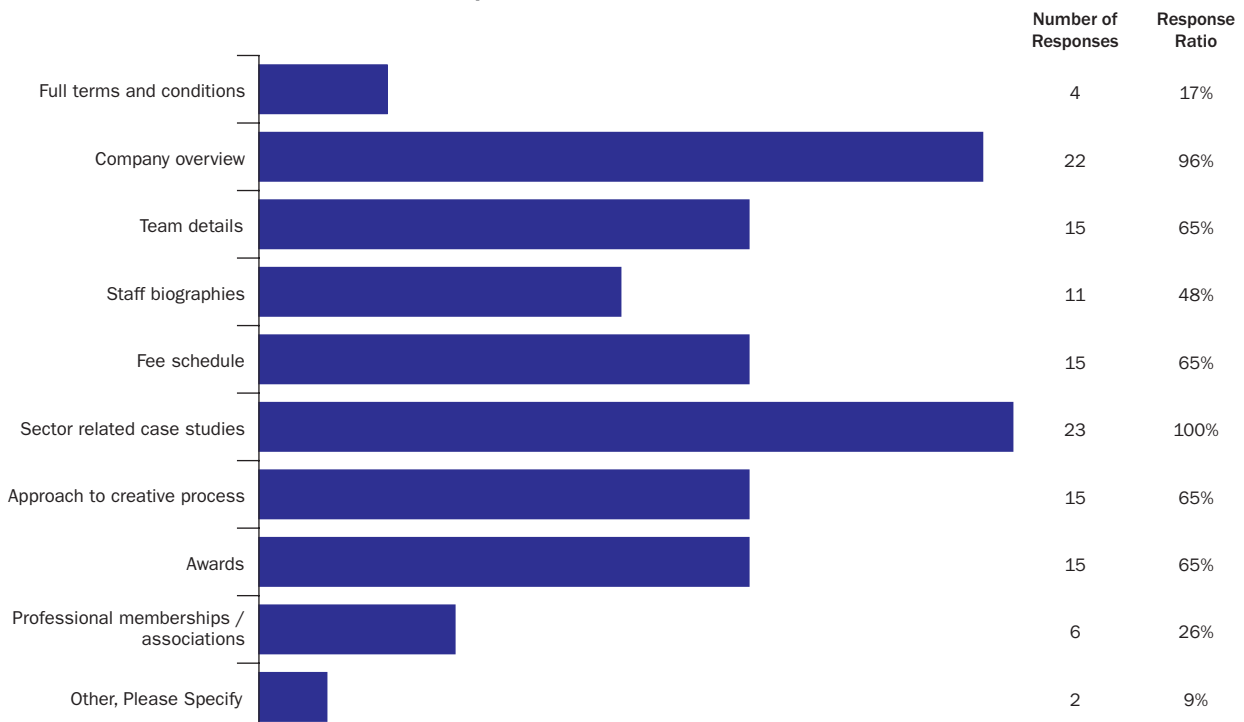


- 65% stated that credentials presentations do not give them enough information to confidently appoint an agency
- 60% feel that they are buying creativity and would like to try before they buy

Agency marketing collateral

- 74% feel that it is very important that an agency offers an official credentials pack

Question 28: When you request credentials from an agency what items do you expect to be included in their credentials pack?



APPENDIX

This section provides unedited client responses to specific questions and BDI commentary/interpretation

Question 5: Do you find the process of ‘identifying’ suitable design consultants Easy, Moderate, or Difficult?



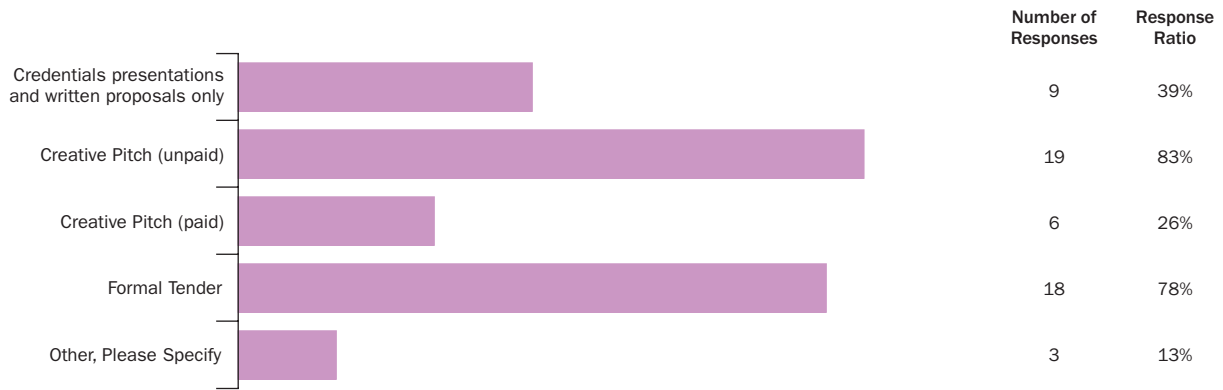
When it comes to selecting agencies suitable to the commissioning company’s requirements, few organisations find this an easy process. Bearing in mind that all participants in this survey are regular buyers and/or dedicated procurement officers it is relevant to note that 26% of this small sample claim to find the process difficult. Further on in this survey buyers express the problems they encounter. Agencies can learn from this and find ways of making the process more transparent and therefore more successful.

Question 6: What methods do you use to identify design agencies?

Identifying agencies is still predominantly based on referrals and previous relationships. From a new business perspective, agencies should take note of the importance of maintaining relationships with existing clients and following those that move on to other organisations. Other identification sources such as the internet, directories and trade association recommendations also play a role in the new business process. Therefore maintaining your presence and accessibility through such sources should form part of a dedicated new business process.



Question 7: Which methods do you use to appoint a design agency?



The unpaid pitch and formal tender play the strongest role in agency appointment procedures. The respondent's views towards these appointment methods are covered below. It would appear that agencies need to improve upon their own marketing and presentation methods - particularly transparency with costs and undertaking appropriate research on the client's business prior to approaching or presenting to them.

If agencies strived to assist clients to appoint them at the credentials/cost proposal stage by making everything as clear as it could possibly be and investing more time in understanding the client requirements, then the need for creative pitches should decrease.

In most instances clients feel they are buying creativity as opposed to strategic knowledge. However, later responses lean towards a need for a demonstration of value/R.O.I. Therefore agencies need to find new ways of demonstrating R.O.I - perhaps through previous case studies and client testimonials that focus on the front-end thinking that led to the idea and ultimately to the value gained.

If agencies continue to make credentials presentations that focus first and foremost on the creative solutions rather than the thinking it will perpetuate the current status quo.

Question 10: When agencies provide credentials presentations which aspects of those presentations do you find most useful?

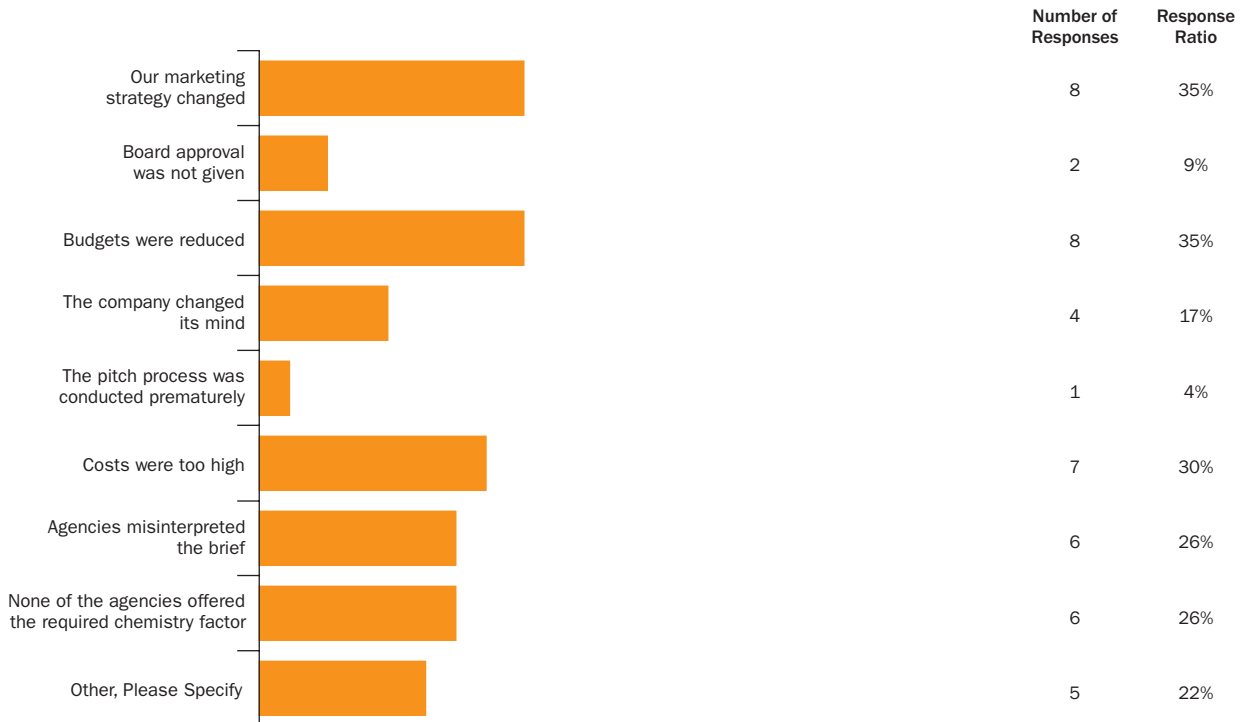




There were some interesting, if contradictory answers to this question. Respondents state that case study material of previous work is very important but it would appear they are not getting enough proof of value from that process to instill confidence without seeing specific ideas in response to their requirements. Understanding the creative process itself doesn't figure high up in their usefulness list but an agency's understanding of their business does.

Therefore, from agencies, the often stated line 'we need to educate the client on the creative process' to assist them to better understand our value, suggests this will be an uphill struggle. The interest in agencies proving 'value' comes up later as a key requirement from commissioning organisations. Quite how an agency proves creative value through the front-end thinking (the creative process) when commissioning organisations show a disinterest in the creative process is a conundrum yet to be resolved. This is a classic perceptual issue as to whether the agency is viewed as supplier, advisor or consultant. The challenge for agencies is to ensure that they have the skills, approach and business case to match, to move up the value chain from supplier to consultant position.

Question 12: What is the most common reason/s that projects are not awarded following a credentials/pitch process?



Question 11: Have you ever run a pitch process that resulted in the project not being awarded?

In line with the results of the agency Pitch versus Productivity research, over 25% of pitches do not result in the project being awarded. The most common reasons given are a change of marketing strategy at the commissioning organisation and/or a reduction in budgets.

Where unpaid creative pitches are involved it is not appropriate that agencies, having expended their time and money responding to a brief, find the opportunity to recover costs taken away due to the commissioning organisation's shifting of marketing focus, changing its mind or failing to estimate costs prior to running a pitch process.



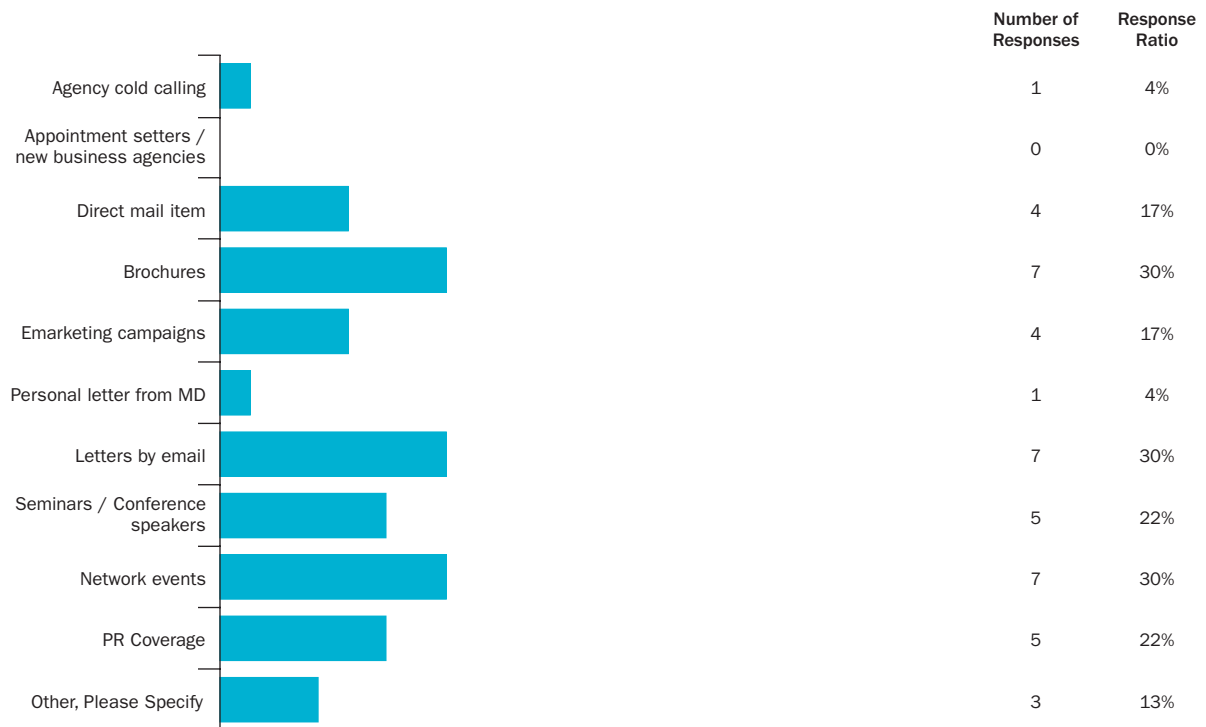
These results suggest that commissioning organisations need to put more time into establishing the stability of the opportunity before issuing invitations to pitch/tender.

A chemistry meeting to establish ‘fit’ would easily eliminate the 28% of projects not awarded due to lack of chemistry factor.

Commissioning organisations could also limit the number of agencies pitching and agree to meet costs should the opportunity agencies have invested their time and money in, disappear due to no fault of the agency.

25%+ of wasted investment is just far too high when it could so easily be avoided via chemistry meetings, ball-park cost estimates and internal communications to verify marketing priorities.

Question 14: What type of marketing activities do you find most useful?



Methods of marketing contact most favoured all appear to be those which commissioning organisations can peruse at their leisure or where they make personal contact at network events. Personal recommendations/referrals appearing low here contradicts earlier responses which suggested this was a preferred method of identifying agencies.

Cold calling is clearly a tough task and least favoured. This would suggest agencies ought to support their new business people in attending client sector events and better researched, more tailored communications.



Question 15: Name three UK design agencies whose work you admire

1	Mother, WCRS, LIDA.
2	Would have to consult with marketing colleagues.
3	Imagination, Lambie Nairn, Agency Republic.
4	Williams Murray Hamm, JKR, Ikon.
5	M&C Saatchi, WCRS, Interbrand
6	No specific view.
7	Jones Knowles Ritchie, Turner Duckworth, Coley Porter Bell.
8	We work with international rather than UK agencies.
9	Tangerine.
10	Coley Porter Bell, LMC, Bloom.
11	Rapier.
12	Dragon Rouge, Futurbrand, Design Bridge.
13	D+B (David Davies formerly Futurbrand), Interbrand, Tangerine.
14	N/A.
15	JKR, Landor, Bloom.

Interesting to note that these are all predominately top league agencies, mostly average to large with the exception of Turner Duckworth and Tangerine (both of whom employ less than 12).

This also contradicts the earlier comments regarding design costs being an issue. These agencies are the high fee earners and all of them regardless of size and cost have exceptional case study material.

All design agencies have the ability to produce great case study material. It may be more worthwhile investing time and money on presentation materials, in formats deemed to be most useful to client organisations.

The new business team is closest to the client and ought to lead the brief. In BDI's experience (and perhaps upheld by the client accusation of arrogance) the new business team are often kept at arms length in favour of design-led rather than business case material. A balance between the two would seem appropriate.

The next set of responses from these major commissioners of design is unedited. And whilst commissioning organisations do not always play fair or observe etiquette - they clearly have some gripes about design agencies that could easily be overcome if agencies spent more time preparing information in business driven formats than, to quote a respondent, 'being too in love with their own ideas'.



Question 16: Name three things that annoy you or have annoyed you about design agencies

1	Agreeing framework terms & conditions, then asking for their standard ones on the next job; Lack of transparency on costing.
2	Finding a client to fit an idea; Not considering the brand; Arrogance.
3	Lack of transparency in costs; Budget control; Complex process.
4	Lack of transparency in financial proposal; Lack of knowledge about our company; Not adhering to brief (e.g. brand guidelines) if requested to do so.
5	Lack of transparency on pricing; Insisting on having paid for pitches - they load the cost on their hourly rates anyway and they are no different to any other part of the creative services industry; Arrogance.
6	Late delivery; Expensive non-design costs; Leaking stories to the trade press.
7	No commercial awareness; Lack of process; Arrogant.
8	Over billing; Low level/low quality staff; Trying to charge for a pitch.
9	Not listening to client opinion; Poor execution of design idea; Extra costs or stages of work not flagged up early enough or controlled well enough.
10	Not enough focus on delivering 'value'; Lack of transparency; Inability to demonstrate good measurement.
11	Being too in love with their own design - and trying to sell it to you, We know what we want – if they have to sell it – it's not good enough.
12	The client is the customer not the agency; Follow the brief; Be transparent with costs.
13	Cold calling, ridiculous number of ill informed calls; Not listening to the brief; Poor communications within the agency.
14	Unwilling to utilise our preferred production suppliers; Not considering ROI; Not providing differently costed proposals.
15	Unwillingness to adapt materials; Difficult to get successful copy written; Too expensive.
16	Costs.
17	Inconsistent account management; Not being clear in case studies as to their actual involvement in projects; Not sticking to the budget.
18	Not responding in line with brief.
19	From a Procurement perspective - lack of commercial representation/knowledge at Agency. We use esourcing system and agencies do not read very specific instructions and need a lot of hand holding which defeats the object of using an online system to save time!
20	Complaints about overservicing.
21	Lack of cost transparency.
22	Cold calling; Being too pushy; Not listening to current strategy.



These respondents have not conferred. They are the honest, unedited opinions of design commissioners from some of the UK's leading companies. Clearly the design sector has an image problem here. Much of the dissatisfaction centres on cost issues - transparency, hidden extras, extended costs, etc.

In defence of the design industry we would say that due to the nature of creativity one agency's interpretation of client need, quality, brand status, vision and available budget can often be very different from another's.

Often commissioning bodies will not state a 'budget' for fear of agencies submitting to the budget when they hoped they might get a cheaper deal.

This is not helping either party.

Commissioning organisations should be able to assign a budget that they feel is appropriate to the business results they seek to achieve from the design activity.

Equally, success of such activity relies on the commissioning body being in touch with the needs of its own customers and how it communicates with them through all marketing channels.

We would propose that a more successful approach might be gained from a partnership/shared knowledge approach than one of client versus supplier. This is not appropriate in all instances but would be in many - particularly where strategy or strategic interpretation is involved.

This brings us back to the appropriateness of commissioning organisations being more discerning and rigorous in their evaluation procedures prior to issuing a brief.

Design agencies could also do with being more honest. Do not take on projects that are fundamentally undeliverable in the budget suggested.

Submitting concepts and selling them to a client knowing that this will result in additional commitment of funds or lack of affordability causes many a fall-out between agency and client. It is fine to push the boundaries but just be upfront about additional costs and also offer a solution that is within budget.

Putting extras such as expensive photographic or illustrative solutions into the small print and yet leading with such concepts, will only lose the trust of clients.

This is a brave move when you want to win the client and prove what you can do. However, reputation damage can prove far more costly. It is better to be honest and justify why you believe that to achieve the objectives the client needs to invest more funds or re-consider the communication channels to market.

Agencies who clearly, in a business-like, non-emotional, non-arrogant manner demonstrate the business case (followed by the design interpretation/solution), and are prepared to step back and let the client re-consider, should gain their trust and respect, even if this is presuming that the client is willing to re-consider their own strategic ideas.

But if they are not and you really believe (based on knowledge and in-depth consideration) that the client could best achieve their business objectives and gain the R.O.I required in a different way, then ethically you ought to decline the opportunity.



Trying to help by pushing the boundaries and budgets further than the commissioning organisation is prepared or able to go will result in fall-outs and the above accusations of arrogance.

Arrogance is perceived when individuals feel they are not being listened to, and/or when they are made to feel uncomfortable because others are stating they are wrong in their strategic judgment - normally in front of their peer group or seniors.

The design sector is supposed to be a leader in communication abilities - but it can quite often get so caught up in its enthusiasm to impress its ideas on a client (however good those ideas may actually be) that it ends up alienating rather than engaging.

Question 17: Name three things that typically might impress you regarding an agency’s new business presentation

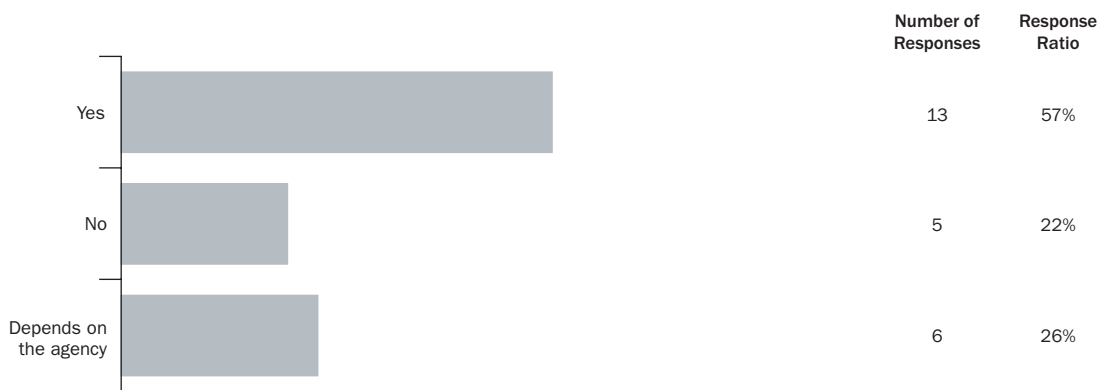
1	Balance of information given between design, costs, ways of working & company structure, so get a rounded view. Often presentations are dominated by the creative.
2	Instinctive understanding of the brand; Good chemistry; Innovative ideas.
3	Clearly understanding the brief; Ideas presented can be implemented i.e. realistic and within budget.
4	An idea that we haven’t tried before; An idea that has worked for others and fits in our budget; Credentials/case studies - how their work has added value to their client in a similar market.
5	Integrity - tell us what you are not good at as well as that which you are; Great case studies that are relevant; Transparent pricing.
6	Brevity; Insight into our business; Sales success stories via case studies.
7	Passion for the business; Prepared to negotiate; Clear evidence that they have done their research.
8	Transparent cost structure; Quality/maturity of team; In-house procurement.
9	Creativity; Wealth of experience in relevant sector; Enthusiasm, passion for project.
10	Knowledge of our business- visiting our sites etc and researching; Well structured answers the questions; clearly tell us the truth.
11	Previous work for large companies; Doing the first job for a % of profits or at a discount price to prove they can do what they say.
12	Creative approach; Listening to the client; Understanding what the client wants.
13	Route through to the idea; Previous work for other clients; Creative insight.
14	Get straight to the point; Minimal fluff and flannel; Recognition that cost effectiveness is important.
15	Understanding of organisational business; Ability to interpret difficult products; Personal chemistry.
16	What they did as NPD for our company.



17	Case studies that focus on design effectiveness; Insights and observations of our own business and how the agency might help; Creative solutions that are memorable and differentiating.
18	Ability to address brief in innovative way; Cohesiveness among account team; Ability to engage audience.
19	Well thought out and specific to client; Anything demonstrating a well rounded agency with more than just a good design team; An eagerness to be there, enthusiasm - in my limited experience the larger and well known agencies can come across as quite arrogant. They appear affronted if you don't already have deep knowledge of their previous work. An on time submission of their bid.
20	Understanding that their creativity is a business proposition for sale, not art work in a gallery; Understanding the need for a deliverable that can generate business benefit to the client, return on investment.
21	Tailored to my organisation.
22	Clear purpose; Concise credentials which get to the point; Something a bit different.

This is really useful insight for design agencies and upholds the recommendations given above. Commissioning bodies really want to work with passionate, creative companies who listen to their needs, inspire and share risks. Commissioning organisations should therefore observe that this is a two-way street and such passion requires a partnership (when it is appropriate) rather than a supplier approach. Collaborative innovation requires respect of each party's knowledge and abilities.

Question 18: Would you withdraw an invitation to Pitch from an agency that insisted on being paid for a pitch?



57% of respondents would withdraw an opportunity if an agency wished to be paid. However, that is in the current climate before agencies have improved their own communication and means of demonstrating value.

Equally it is set against a client 'whimsical' approach - if the 26% non placement of projects due to 'change of marketing strategy/lack of budget to proceed' is an accurate reflection.



Question 19: In your opinion should agencies be paid for a pitch?

This is an interesting set of perceptions. Some feel that agencies build pitch costs into their overhead and paid client work. We know, given an average day fee of £500 that this is not the case. Equally it is interesting that non-paying clients expect/accept that paying clients should/do subsidise free pitches.

Those that believe that making a payment lessens the effort are mistaken - a paid pitch often results in a much higher level of investment than the fee represents. To the design sector it shows integrity and commitment on behalf of the commissioning organisation. It lessens the competition but heightens the determination to win (an average of two to three agencies are involved in a paid pitch as opposed to six or more in free pitches).

Paid pitches would focus the mind of commissioning organisations and increase their effort to short-list the most appropriate agencies. Equally it would raise the quality of responses and reduce premature or whimsical pitches.

Question 24: Why do you require an agency to present creative work prior to appointment?

These responses are really challenging as they are so varied but nonetheless all centre on a lack of confidence evoked through agency credentials presentations.

Agencies need to reappraise the content of their credentials and perhaps focus on the business results first followed by creative outcomes and channels to market. BDI has some empathy here with clients and agencies alike.

With clients our empathy lies in the many presentations we have sat through where agencies cram in too many case studies some dating back too many years in the belief that there is a good point to be made. Where often there is not.

With agencies our empathy lies with their need to demonstrate, in detail, the creative process and full story in an attempt to convince clients of their experience and thoroughness.

More is less. Agencies need to be concise yet provide impact. Leave out Case Studies that may have an interesting story and a big brand name but lack the relevance or wow factor. Lead with business results and only include high quality visuals that uphold those results.

Provide details of the budget for each project and the internal and external services and costs included.

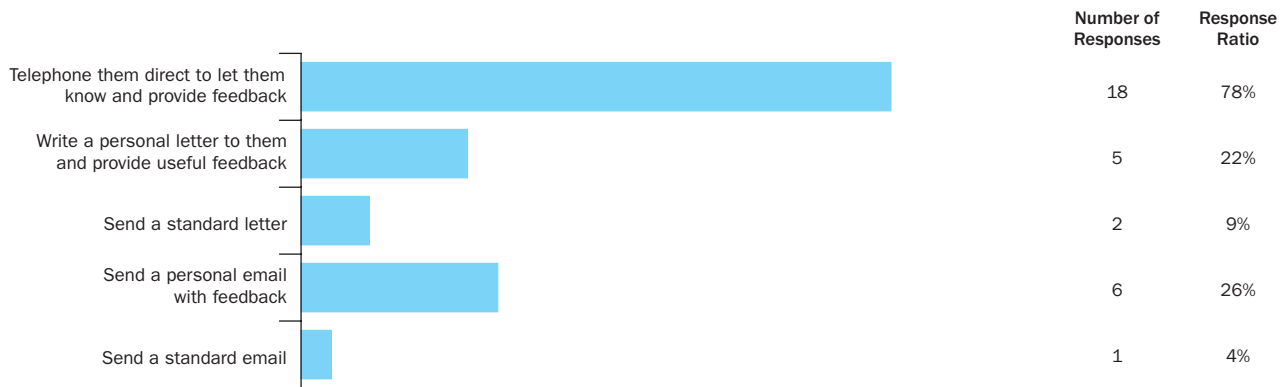
Establish what position the client is in. Are they needing to gain board approval for their own marketing ideas or are they fully prepared to proceed with appointment and implementation?

Consider how best you can help the client and do not get blinded by the brand name, at the expense of the real opportunity.

Often up-coming brands and smaller clients get short shrift from agencies when they offer the best opportunity for creative expression and proof of design value in favour of big brand names with conservative budgets and much higher expectations. Agencies can often have the opportunity to prove their worth with new brands that offer greater scope than larger brands restricted by corporate policy.



Question 25: If an agency has been unsuccessful in winning a project do you provide formal feedback?



Agencies would gain from detailed feedback on why they were unsuccessful. BDI provide evaluation forms as part of its Professional Pitch documentation that affords more appropriate and less emotional feedback than clients currently give.

Question 28: When you request credentials from an agency what items do you expect to be included in their credentials pack?



- 1 Internal process - more detailed than approach.
- 2 Current clients list.

Only one comment to add here which is that given the complaints aired earlier regarding transparency of costs etc, it is ironic to see full terms and conditions as a fundamental inclusion in credentials packs scoring so low on the items included in a creds pack.



BDI Agency Recommendations

Tighten your own criteria for pitching, safeguard and undertake very honest evaluation of whether you are the best fit for that client.

If you want to 'give it a go' even though you do not represent the best experience or skill base for the project then that is your decision and risk. Chances are you will not win the project and the client may not be left with the right impression of your ability.

If you want to free pitch, calculate your expenditure against the odds: how many agencies are pitching; who are they; how do you compare against them; what is the value of the business; how secure is it (26% non-placement based on this sample); what else could you be spending your time and money on? Be selective and discerning. Ask for the details of the odds before agreeing. Remember it is your time and money - you have the right to ask questions to determine your risk.

Ensure you have a signed non-disclosure agreement in place protecting your and the prospective client's interests. Establish in writing the terms and conditions of the pitch process. (Refer to BDI Pitch NDA.)

Client Recommendations

Your time is valuable. It may seem non-committal/easy to wheel-in any amount of agencies but it is better to do more up-front investigation, saving your time and money and that of the agencies.

Run chemistry meetings and credentials before issuing a brief, to those you at least feel you can work with and who offer a correct level of experience.

If the opportunity is uncertain try every other means to assess your marketing ideas before resorting to pitching. Paying for strategy/creative interpretation work as a forerunner to board and/or internal/external presentations, after an appropriate assessment process, can be far more rewarding and insightful than time wasting on inappropriate agency presentations.

Improve best practice, improve relationships, improve results.

Conclusion

Whilst these research results represent the views of just 23 commissioning organisations they are all major buyers.

All of them have been extremely honest and none of them have conferred or held back in their responses.

Agencies can learn from their views in terms of where they can improve regarding presentation material, clarity and transparency. They can also learn from the inappropriate expectations expressed by commissioning organisations and tighten their own criteria for accepting invitations to pitch.

It would seem that a lot more transparency and effort is required from both parties to improve relationships, understandings and consequently, mutual benefits.



In our experience of the 4500 - 5000 commercial design agencies operating in the UK, here is the estimate of abilities:

- All offer an ability to come up with visual concepts;
- 10% are able to offer high level strategic/knowledge transfer solutions with a business value far in excess of their 'day rate';
- 30% offer some level of strategic added value/interpretation.

In comparison to the hourly rates charged by all other service providers, design agencies are not expensive. It just feels as though they are as you buy into far more time in one hit than most other services.

An hour at the hairdressers will cost £70, mechanics £50 to £70 plus per hour, accountants £70 to £250 per hour, solicitors £150 to £400 per hour, PRs £75 to £200 per hour, NHS dentist £70 per hour and private £150 plus, plumbers £60 plus, taxis £60 to £80. Few of whom provide strategic advice (except your taxi driver!) and longevity to your business or indeed have to justify a return on investment for their labours.

Establishing the right relationship with the most appropriate agency/design advisor can therefore only be a good decision. Investing more time in that process and picking a partner rather than a supplier and negotiating mutually beneficial terms should lead to a virtuous circle.

For further information please contact:

Maxine J Horn

Chief Executive Officer
British Design Innovation
6 Blenheim Place
Brighton
BN1 4AE
Tel: +44 (0) 1273 621378
Fax: +44 (0) 1273 622144
E: maxine@britishdesigninnovation.org



Fraser Black

Managing Director
Firedog Design
43/44 Hoxton Square
N1 6PB
Tel: + 44 (0) 207 739 1112
E: fraser@firedog-design.co.uk



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