



Successfully Managing Agency Partnerships in Tumultuous Times

What advertisers should do to protect their investment in valuable agency relationships during difficult economic times.

BY BRUNO GRALPOIS

Author/Speaker, Thought-provocateur, Client/Agency Guru, Entrepreneur, Innovator

In times of crisis, traditional playbooks go out the window. Under pressure, with mounting concerns and increased tension, the risks of mishandling situations are far greater and the consequences potentially disastrous. Things are moving fast. Decisions are made hastily. The tendency is to favor short-term gains, and the focus is on attending to raging fires. Partnerships can easily suffer and be materially, even adversely, affected over time.

For that very same reason, the economic reality resulting from the current global health crisis is the ideal window of opportunity for leaders to protect these important relationships with agencies and actively lead by example to drive the best possible return from these resources. Here are some actions that brand advertisers should consider putting into practice in tumultuous times:

Action #1: Be transparent about the situation

Advertisers must be direct and genuine about their financial and competitive environment. No matter the dreadful reality of the situation they find themselves in – uncertainty about future market conditions, preventive measures being taken, budget cuts being made, etc. – agencies must be briefed accurately about the business context and organizational realities their clients face. It might be

tempting to hold back from sharing dire news or information that could unnecessarily worry their partners. Yet, the idea of partnership implies that full transparency is critical to build trust.

Action #2: Embrace joint problem-solving

Agencies can play a vital role collaborating with their clients to find solutions that may be outside of their original scope. Agencies are notoriously good at finding creative or innovative solutions that go beyond expectations. They cannot do so if they operate in the dark or are not invited to collaborate on addressing these business opportunities that might occasionally go outside of the marketing realm. For example, an advertiser facing financial pressure may ask its agencies to come together and collaborate on finding cost efficiencies instead of simply cutting their budgets.

Action #3: Be protective of partnerships

In difficult economic times, agencies also face tremendous pressure. As responsible partners, advertisers must be protective and avoid putting additional stress on their relationships. Extending payment terms or reducing financial commitments will only undermine the agency's ability to staff the account or provide quality service. During such times, the agency is likely to be in a vulnerable position and it might be tempting for the client to revisit existing agreements or even to conduct reviews to land short-term gains. If such revisions are necessary, they must not weaken the agency or compromise its ability to operate successfully.

Action #4: Tightly align on KPIs

When every dollar and every resource is scarce, focusing on top priorities is of paramount importance to brand advertisers. Measures of success cannot be isolated to an agency's individual contribution, based only on their discipline or scope, but to the whole. Aligning on Key Performance Indicators (KPIs) ensures a more synergistic approach to the work among all agency partners. By being tightly aligned with the advertiser, agencies can reduce common process inefficiencies and potential distractions to better work together and focus on the most important initiatives.

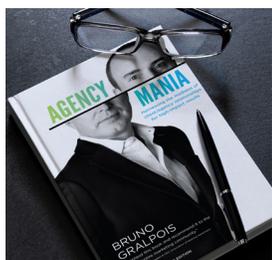


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- 5 Conduct more frequent synchs

Action #5: Conduct more frequent synchs

As the pace accelerates, so do decisions. As a result, constant updates, budget adjustments, and realignments are necessary so decisions are effectively communicated throughout the organization. Open forums with agency partners and repeat communications become a necessity to keep everyone on the same page. Misalignment translates into wasted efforts, confusion, and potential inertia. Advertisers must consider setting up more frequent meetings, beyond usual QBRs, and synchronize efforts.

Unprecedented times require unprecedented measures. They also require exceptional discipline. In turbulent times, advertisers must take drastic steps to survive, which may also put enormous pressure on their agency relationships. They must consider taking measures that increase transparency, encourage cooperative problem-solving, align KPIs, and increase communications. For many agencies, the way clients behave in difficult times is the ultimate test for the partnership. In the end, these partnerships must be managed in responsible ways if they are to prosper during good times but also survive during difficult ones.



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Bruno Galpois is the co-founder of Agency Mania Solutions, a premier service and technology firm specialized in helping companies realize the transformational value of managed partnerships. Bruno is the author of best-seller "Agency Mania" and the former chair of the Association of National Advertisers (ANA) Client/Agency Committee and a faculty member of the ANA School of Marketing.

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