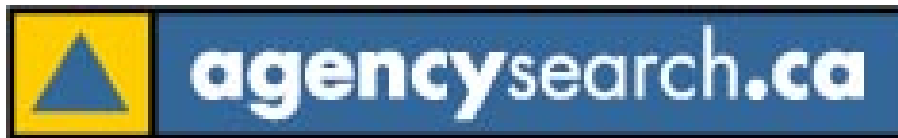




ICA Agency Search Service



May 2003 © Institute of Communications and Advertising

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An updated ICA membership list is available at www.icacanada.ca under the heading Who We Are then Member Agencies List, or contact the ICA directly at 416 482-1396

THE ICA AGENCY SEARCH SERVICE

Introduction

This guide is for advertisers who have decided that they need a new agency.¹

There can be more to this than meets the eye.

We have studied best practices in the US, the UK, and of course Canada. These are the key issues that an advertiser needs to consider:

- **Efficiency and productivity.** The search can be far more demanding than first realized (diverting key client staff away from their business responsibilities).
- **Getting the search-design right.** The objective is to find the best partner, for immediate needs, and for the long-term. Given this goal, some common search practices are actually counter-productive.²
- **The need for objectivity.** Different stakeholders at the client can have very different views. Silo thinking can become an issue. Emotions can run high.
- **Avoiding the media circus.** This can be very damaging, especially if there is a question (even if undeserved) about the objectivity of the search.

The ICA Search Service deals with all of these. In addition, the service is quick and effective.

Key Points

We have conducted over 100 searches, for advertisers with billings in excess of \$200 million. This has allowed us to hone and upgrade our process as follows:

- The ICA service is confidential and free of charge except for a nominal administrative fee.
- Process saves the client both time and money through a streamlined best practice process and does not require the level of staff time needed in other processes.
- We avoid the mechanistic RFP approach, which often equates to a cattle call. Using our knowledge (in consultation with you) we design a “Request for Interest” questionnaire that encourages only the most qualified agencies to reply.
- Agencies can differentiate themselves from the first stage by the look, feel and content of how they respond to the brief rather than completing formatted questionnaires that result in similar looking responses.
- By sending the brief out to all ICA members, it reaches a broader audience that in turn can objectively decide if they meet the advertiser’s requirements and ensures response content is the most up-to-date available.
- The search covers all our members, but also includes any agency you wish to add.
- You can then select a short-list of 4-6 candidates before you go public.

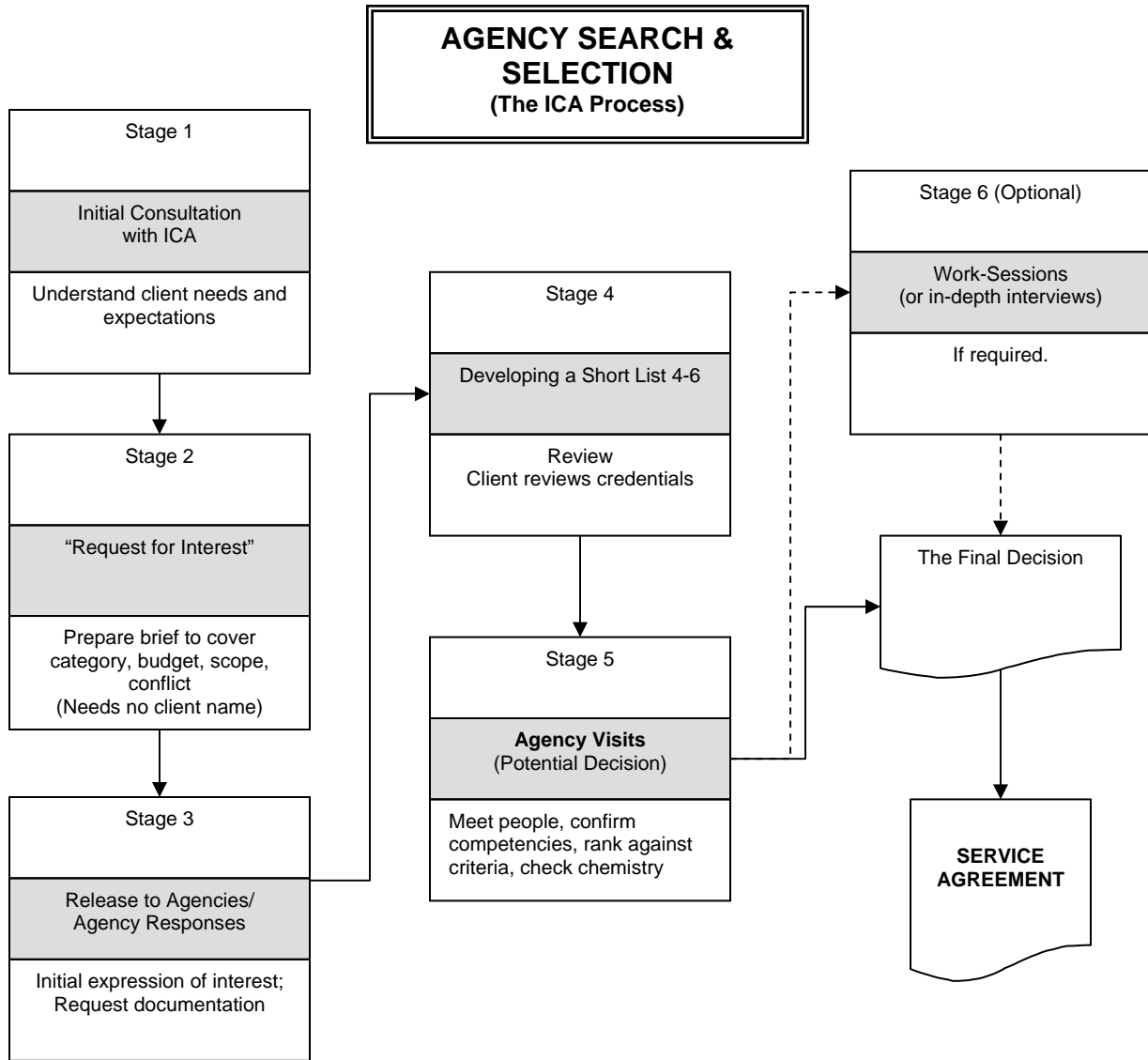
¹ Quite frequently, the best solution is for the current agency to re-model/upgrade its offering, and we recommend that this be explored fully - with a comprehensive evaluation before a search decision is made.

² We are referring to “dog and pony” presentations, particularly those using outside help that will not be part of the ongoing service. This is discussed in Appendix 2.

- We then lay great stress on a major piece of learning. The best assessment of an agency comes from seeing them as they are—not in a “dog and pony show.” This is achieved by the Agency Visit.
- Many final decisions are made after the Agency Visits. If you still feel the need for a presentation, we recommend a Work-Session. The key feature is that the agency has to show its abilities in real time i.e. they cannot access outside resources that would not be part of the ongoing relationship.
- The ICA is there to help you at every stage but, very importantly, we play *absolutely no role in the decision*. This is entirely your business and decision.
- The use of the ICA Search Service can pre-empt any bad press by being seen as following an open, transparent best practice process.

For our credentials, see Appendix 1. To contact us, call Jani Yates at 416 482-1396 (ext. 230) her e-mail is jyates@icacanada.ca.

A SCHEMATIC OF THE ICA APPROACH



Jani Yates leads in conducting all ICA agency searches.

www.agencysearch.ca

We maintain the most up-to-date agency database for clients who wish to do a preliminary search. Although we do not recommend this as the sole tool in selection, it is an objective, current listing for the early stages of planning because the data is provided and updated by the individual agencies themselves.

THE ICA PROCESS: STAGE-BY-STAGE

This section will give you top-line information on each stage of the process.

Stage 1—Initial Consultation (1 week)

We meet privately with you and your team. Our objective is to better understand your needs, but more importantly, help you avoid pitfalls that are all too common. This meeting is *very frank*. We will ask you questions that agencies would like to, but are reluctant to ask. You can tell us concerns you cannot express publicly. This “free and frank exchange of views” is utterly confidential, and is a pivotal first step. (Many unsuccessful searches trace to mistaken expectations.) No agency derives any advantage from this discussion. The results are used judiciously, with your approval, and according to pre-agreed conditions.

Some of the questions to think about in advance of this meeting are:

- Have you conducted a recent agency evaluation?
- Is this a new assignment?
- Is an agency being replaced and if so, who is it and do they know?
- Is this an exclusive or partial assignment?
- Which products/brands and what geographical areas are required?
- What brands/categories represent a conflict?
- What competencies, skills, or vital experience must the agency have?
- Are there characteristics that you do *not* want?
- Who will be responsible for media planning, buying/paying and client billing?
- Who is on the agency search team? What is their level of experience, job functions/responsibilities and background?
- Who has the mandate and authority to hire the new agency? Will they be at all meetings?
- What is the historic marketing communication spending, and the approximate remuneration that the new agency could use for planning purposes?
- Do you have a preferred approach to remuneration?
- Are there any special/unusual contractual/payment needs?
- Any requirements as to the size and location of the agency?

Stage 2—Preparing the “Request For Interest” (RFI) - 1 week

Our objective here is to put out a “Request for Interest” that is so skilfully designed that only the most qualified agencies will choose to reply.³

Immediately after the initial private consultation, we (working with you) prepare the RFI. It fully characterizes your needs, *without revealing your name*. There will be certain standard components such as:

- The brand or category
- A question about conflict⁴
- The scale of the assignment, budget, and your broadly defined scope of work
- Special service requirements

In addition, we work with you to make an overall statement of your needs that will allow the agencies to assess if they are appropriate for the task.

Finally, we help you prepare a detailed Exhibit that gives the agencies a clear picture of your needs, and allows them to assess if they have the appropriate resources. The Exhibit is always customized, but a typical example is shown as Exhibit 1. One section is shown below:

Request For Interest—Scope of Work (See Whole in Exhibit #1)

	C	A	J	O	N	QUANTITY/FREQUENCY OF PROJECTS
STRATEGIC PLANNING & ACCOUNT MANAGEMENT						
GENERAL MARKETING & STRATEGIC COUNSEL						
DESK RESEARCH, COMPETITIVE INFORMATION						
ANALYZE SALES, DISTRIBUTION, CUSTOMER DATA						
MARKETING PLANS, OBJECTIVES, STRATEGIES						
TARGET MARKET ANALYSIS						
COMMUNICATION STRATEGIES; CUSTOMER INSIGHTS						
BUSINESS DEFINITION; NEW OPPORTUNITIES						
COORDINATION OF NON-MEDIA/“OTHER SERVICES”						
LINE EXTENSIONS, SEGMENTATION, NEW PRODUCTS						
EMPLOYEE TRAINING/MOTIVATION/MISSION STATEMENTS						
ATTEND SALES MEETINGS, FIELD VISITS, PR						
LOCAL OR REGIONAL REPRESENTATION						

C = Client Responsibility; **A** = Agency; **J** = Joint; **O** = Other Company (Identify); **N** = No Need.

³ This is a critical step, as clients who have worked on the agency side will know. New Business is so important to agencies that they often chase it when it would be in their interest (and client interest) if they stayed on the sidelines. One of the disadvantages of the standard RFP approach is that it can attract this type of response.

⁴ The wording can be important here.

Stage 3—Release To Agencies/Agency Responses

Timing: 2 weeks
3 days for initial interest, 2 weeks for credentials

This works as follows:

- a) Once approved, the RFI goes to all ICA member agencies (90% of the industry) including any agency you would like to add.
- b) We ask for a preliminary response in 3 days, indicating interest in submitting credentials.
- c) Agencies submit a brief outline of their experience, capabilities, qualifications and suitability as per brief.
- d) We also ask them to submit case studies, and standard agency credentials.⁵
- e) They are typically given 2 weeks to prepare this submission.

Stage 4—Developing the Short-List

Timing: 1 week

Approximately 2 weeks later, you will have a number of submissions to assess. Your objective is to reduce them to a short-list of perhaps 4 – 6 candidates.

We recommend the initial credential review is conducted at ICA offices to facilitate any queries. Submissions will usually contain a great deal of visual/electronic material, and ICA has the main viewing facility and available boardroom.

We can help you design assessment forms, and otherwise streamline this process but (as stressed earlier) we play no part in any selection discussion or decision-making.

Points to note at this stage:

- The process has been extremely efficient.
- It has ensured that the right candidates are being considered.
- You have experienced counsel available at all times.
- We can provide you with factual information on agencies you are considering.⁶
- Your anonymity has been protected throughout.
- This will have eliminated a trying feature of the typical search—*Agency Jockeying*.⁷
- You will have followed ‘best practice’ and have minimized the danger of a media circus.

Once you have decided on your short-list, you give the non-chosen credentials packages back to us. We then return them to the agencies on your behalf, with a brief explanatory note.

It is now time to contact the agencies to arrange the Agency Visits. This is when you identify the company and the brand(s).

⁵ This includes guidance as to the format/content of case histories, if you would like this.

⁶ The ICA has more factual information on agencies than anybody in Canada.

⁷ Because the stakes are so high, agencies try to get an edge. This includes frequent, and sometimes unwelcome, contact with the advertiser.

Stage 5—The Agency Visits

Timing: 1 week

Ultimately, an agency search is trying to answer three questions:

- *Can they do the job?* Size, skills, experience, international alignments etc.
- *Is there a good fit?* Corporate compatibility in terms of values, culture, work ethic etc.
- *Will we work well together?* Do we complement each other? Is there a spark? How quickly will they come up to speed? How will it work over the long haul?

All the best-practice experience shows that agency skills get you down to a short-list, but compatibility and chemistry make the difference long-term.

This is the reason for Agency Visits. It is virtually impossible to (accurately) judge compatibility and chemistry in the “dog and pony” show. True, these can be brilliant, but there is the major risk that the agency pulled in resources that will not be available to the ongoing business.

It is far better to “visit them where they live.” Guidelines for this are as follows, and Exhibit 2 is a sample evaluation form):

- Make sure that key team members attend.
- Make the visit informal i.e. say that you do *not* want a structured presentation.
- Meet the agency principals in a conversational setting. Discuss philosophies.
- Meet the key players who will work on your business. Talk to them. Get a sense of what they would be like to work with via discussion, not by listening to a prepared pitch.
- Ask to be taken through case histories, and probe for what is relevant to you—how they identified the problem, decisions that had to be made along the way, how they came up with the insights (really) and so on.
- Review creative together. Find out if your creative philosophies are compatible.
- Do all this at the agency. It is amazing what you pick up by osmosis!

At this point in the process, you have a wealth of facts and figures on your candidates, and a good feel for compatibility. Many times, an agency has come out ahead of the rest at this stage, allowing a decision. When this happens, you move to Stage 7, The Final Decision (subject to reference checking etc.)

Sometimes a client is not ready to make a decision at this point. You then move to Stage 6.

Stage 6—(Optional) The Work-Session

Timing: 1 week

The idea here is to get “real time” exposure to the people who will be working on your business (i.e. to exclude the effect of outside freelancers and consultants). The Work-Session needs full participation from your team, and for that reason is usually best done when you need a decision between two agencies.⁸

The Work-Session (In Outline)

Overview: This is an interactive planning meeting between your marketing team and the agency team that would be working directly on the business. (The ICA does not participate because you are replicating the ongoing relationship.) Key points are as follows:

- You decide on a marketing/communication issue that is important to your business, and something that will be a tie-breaker between the agencies.
- You cross-check with colleagues that this is the type of issue that can be productively discussed in a 3 hour work-session.⁹
- You line up your team, and you alert the agency to line up theirs. The attendees should include key decision-makers on your side (Marketing Director level). Let the agencies know the level of people you expect to see.
- Specify that “the account person responsible for my business” must play a big role.
- Arrange a suitable venue.
- Give the agency no advance notice about the issue to be worked on.
- Start by defining the issue, and then give a comprehensive briefing, for say 45 minutes.
- The agency then takes the lead in analyzing the situation, developing solutions, and coming up with ideas—with the input of all the participants. This lasts until a reasonable consensus is reached (generally 3 hours).

[Note: do not pick an issue where there your team believes there is one “right” answer. This will bias their ability to assess the dynamics.]

Evaluation: This should focus on the total interaction—more so than the “right” solution. You will look for such things as skill set (ability + experience), thinking (insights, ingenuity), how they work (leadership, discipline, planning), and teamwork (listening, collaboration). A sample rating sheet is provided in Exhibit 3.

The benefit of this method is it does not waste time or money for agencies or client.

Stage 6—(Optional) In-depth Interviews

Some advertisers prefer to make a tie-breaking assessment via in-depth interviews with the key players who will work on the business. This is an excellent option if the interviewers are highly skilled. However, there are potential “level playing field” issues if the same members of the client team do not do all the interviewing.

We advise strongly against the “dog and pony show” based on giving the agency a period of time to solve a strategic problem and/or prepare speculative creative. This important issue is discussed in Appendix 2.

⁸ This should not deter you. You will get the best brains of two agencies tackling a problem relevant to your brand.

⁹ Most issues lend themselves to this type or work-session, but not all.

Stage 7—The Final Decision

Timing: 1 week

Once the final decision has been made (either after the Agency visits or the optional Stage 6) you advise the successful agency first, then the runners-up. At this point, we also ask to be informed. The client/agency team then makes arrangements for any public announcements.

~IN SUMMARY~

A Simple, Efficient, Effective Process.

STAGE		APPROXIMATE TIMING
Stage 1	Initial Consultation	1 week
Stage 2	Preparing RFI	1 week
Stage 3	Response to RFI	2 weeks
Stage 4	Develop Short-List	1 week
Stage 5	Agency Visits	1 week
Stage 6 (Optional)	Work-Session etc.	1 week
Stage 7	Final Decision	1 week
TOTAL		6-8 weeks

Benefits to the Advertiser.

Better decisions. An efficient process. Less time on the process means more time for the business. Confidentiality avoids the risk of a media circus. You also get highly experienced third-party counsel at no cost.

Benefits to the participating Agencies.

A level playing field. A strong match between the needs of the advertiser and the capabilities of the agencies. Confidence that their submissions will be handled discreetly i.e. not shared with competing agencies. A learning benefit to those not selected, via the ICA feedback at the time they are told. (This feedback is sufficiently specific to be useful, but does not reveal names or similar details.)

Benefits to the Clients and Agencies in General.

There has been controversy over failed searches, reversed decisions, and short-term relationships. This has cost the marketing communications industry time, money and reputation. ICA Agency Search brings discipline, objectivity and a proven process to the task.

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ICA Scope Of Work Checklist

Critical to the plan of action for agency review and selection is the clear definition of advertising services required, both current and anticipated. It helps agencies under consideration to respond more precisely to the advertiser’s requirements. The advertiser is ultimately responsible for the advertising but the degree of agency capability to address the advertiser’s needs must be assessed in each presentation received. The degree to which the agency is required to fulfill any of these needs should be established up-front to identify suitable candidates and provide a disciplined basis for evaluation. Here is a list of most agency capabilities you may require, along with a checklist grid to indicate your expectations of each party in the agency/client relationship.

C = Client Responsibility; **A** = Agency Responsibility; **J** = Joint Responsibility; **O** = Other Company (Identify); **N** = No Need.

	C	A	J	O	N	COMMENT ON QUANTITY/FREQUENCY OF PROJECTS
STRATEGIC PLANNING & ACCOUNT MANAGEMENT						
GENERAL MARKETING & STRATEGIC COUNSEL						
DESK RESEARCH, COMPETITIVE INFORMATION						
ANALYZE SALES, DISTRIBUTION, CUSTOMER DATA						
MARKETING PLANS, OBJECTIVES, STRATEGIES						
TARGET MARKET ANALYSIS						
COMMUNICATION STRATEGIES; CUSTOMER INSIGHTS						
BUSINESS DEFINITION; NEW OPPORTUNITIES						
COORDINATION OF NON-MEDIA/OTHER SERVICES”						
LINE EXTENSIONS, SEGMENTATION, NEW PRODUCTS						
EMPLOYEE TRAINING/MOTIVATION/MISSION STATEMENTS						
ATTEND SALES MEETINGS, FIELD VISITS, PR						
LOCAL OR REGIONAL REPRESENTATION						
RESEARCH						
MARKET RESEARCH, HABITS AND PRACTICES STUDIES						
CONSUMER INSIGHT RESEARCH; CONCEPT TESTING						
CREATIVE PRE AND POST TESTING						
ADVERTISING TRACKING STUDIES						
CREATIVE ENGLISH; FRENCH						
PRINT, RADIO, TV, OUT-OF-HOME						
CONSUMER, IMAGE, BRAND POSITIONING						
BUSINESS TO BUSINESS, TRADE, INDUSTRIAL						
RETAIL, PROMOTIONAL, PRICE AND ITEM						
COOP/DEALER/FRANCHISEE/MAT SERVICE						
HEALTH CARE/PHARMACEUTICAL						
RECRUITMENT/APPOINTMENT NOTICES						
ADVOCACY, CORPORATE, FINANCIAL						
ETHNIC						
YELLOW PAGES/DIRECTORY ADVERTISING						
HUMAN RESOURCES COMMUNICATIONS						
INTERACTIVE NEW MEDIA; INFOMERCIALS						
NON-MEDIA CREATIVE						
IN STORE MERCHANDISING						
BROCHURES, TRADE/CONSUMER						
SALES MEETING THEMES, SCRIPTS						
NAME/PACK DESIGN (PRODUCTS, COMPANY, VEHICLES)						
VIDEOS; HOW-TO; IN-STORE; CORPORATE						
MEDIA						
RESEARCH						

	C	A	J	O	N	COMMENT ON QUANTITY/FREQUENCY OF PROJECTS
STRATEGY						
PLANNING						
ESTIMATING/BUDGET CONTROL						
BUYING (DOMESTIC/OVERSEAS)						
DEVELOPING PROGRAMMING OR MEDIA PROPERTIES						
CHECKING AFFIDAVITS OR TEARSHEETS						
POST BUYING ANALYSIS						
SALESMEN'S SCHEDULES						
QUARTERLY/ ANNUAL UPDATE ON MEDIA TRENDS						
AGENCY OF RECORD (BUYING FOR OTHER AGENCIES)						
PRODUCTION & TRAFFIC						
OBTAIN GOVERNMENT COPY APPROVALS						
ESTIMATING AND DOCKET CONTROL						
PURCHASING, SUPERVISING PHOTO, ART, MECHS.						
CASTING, NEGOTIATE CONTRACT						
TALENT PAYMENT/RESIDUALS						
MULTI-BRAND SCHEDULING AND ROTATION						
MATERIALS FORWARDING WITH INSTRUCTIONS						
PRINTING; QUANTITY VIDEO TAPES						
VIDEO ASSEMBLY, ROUGH EDITS, ANIMATICS, RIPOMATICS						
FINANCIAL						
CHECKING INVOICES TO CONTRACTS, VERIFICATIONS						
PAYING MEDIA, INVOICING CLIENT						
PROVIDING FACILITIES FOR ANNUAL AUDIT						
PROVING COST ACCOUNTING FOR EARNINGS/LOSS						
SALES PROMOTION						
CONSULTING STRATEGIES, TACTICS, PLANS						
PROMOTION CONCEPTS & IDEAS						
POINT OF PURCHASE, DIRECT MAIL, TRADE ADS						
SALES AIDS						
PREMIUM INCENTIVES, SOURCING, FULFILLMENT						
LEGAL CLEARANCE						
SALES MERCHANDISERS, STORE CALLS, SAMPLING						
PUBLIC RELATIONS						
COMMUNICATION AUDITS						
ANNUAL REPORTS						
TARGETED PUBLICITY; FILMS, AV, NEWSCLIPS, RADIO						
EXECUTIVE COMMUNICATION TRAINING; CRISIS MGMT.						
SPOKESPERSON PROGRAM						
SPECIAL EVENTS, COMMEMORATIONS ETC.						
OTHER						
DIRECT RESPONSE MARKETING						
TELEMARKETING INBOUND/OUTBOUND						
EVENT MARKETING, SPONSORSHIPS						
TRADE SHOW EXHIBITS, DISPLAYS						
SALES MEETINGS, CONVENTION THEMES, SCRIPTS, AV						
INTERNET/NEW MEDIA						

EXHIBIT 2

Agency Visit Rating

(This may need to be modified to meet particular client needs in individual searches. The example shows sample scores. Clients often develop their own scales along similar lines.)
Once all the meetings are complete, ask the Selection Committee to rank the agencies in order of preference with the purpose to focus discussion on the top choices, and rationale.

	Rater Score (1 – 10 scale)	Weighting	Weighted Score
CAN THE AGENCY DO THE JOB? Areas to consider are: <ul style="list-style-type: none"> • Strategy (skills) • Creative (reel/approach) • Branding (skills, experience, approach) • People (management, leadership, smarts) • Services (strengths/weaknesses) • Value Added (unique capabilities) 	8	40%	32
IS THERE A GOOD FIT? <ul style="list-style-type: none"> • Fit/DNA relative to our company • People – do they like each other; we like them? • Culture – how we relate and interact • Compatibility – enjoy each other’s company • Values – style, beliefs, attitudes, ethics? • Relationship – any sense of a bonding? 	7	30%	21
WILL WE WORK WELL TOGETHER? <ul style="list-style-type: none"> • Work ethic • Teamwork • A judgment about the long-term (The judgment about the long-term is difficult, of course, but very important.)	6	30%	18
SCORING TOTAL	n/a	100%	71

OVERALL AGENCY EVALUATION – Sometimes numbers do not quite reflect how you feel. Please put one rating (A, B, C) in the last box. A: I think we should seriously consider this agency B: I am OK on this agency C: I would not vote for this agency	n/a	n/a	B
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COMMENT ON KEY STRENGTHS AND WEAKNESSES OF THIS AGENCY:

EXHIBIT 3

Work-Session Rating

(This follows a similar pattern to the Agency Visit rating form. It too may need to be modified to meet particular client needs in individual searches.) Once all the meetings are complete, ask the Selection Committee to rank the agencies in order of preference with the purpose to focus discussion on the top choices, and rationale.

	Rater Score (1 – 10 scale)	Weighting	Weighted Score
CAPABILITIES – Does the agency team have the necessary qualifications; is the agency track record good; is the service package complete and can they deliver?	8	20%	16
COMPREHENSION – Does the Agency understand the requirements of this assignment? Do they share our value systems for fast turnaround, value for money and attention to detail?	7	20%	14
SERVICE– Is there a good partnership/service mentality? Does the agency welcome our involvement? Do they strive for effectiveness and efficiency?	6	20%	12
STRATEGIC & TACTICAL THINKING – Did we see clear, well-reasoned thinking? Was there innovation and ingenuity in the agency’s solutions? Do they think in terms of our business success?	7	20%	14
PEOPLE/CULTURE – Is the agency team compatible with our organization? Is there a personality match?	7	20%	14
SCORING TOTAL	n/a	100%	70

OVERALL AGENCY EVALUATION – Sometimes numbers do not quite reflect how you feel. Please put one rating (A, B, C) in the last box. A: I think we should seriously consider this agency B: I am OK on this agency C: I would not vote for this agency	n/a	n/a	B
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COMMENT ON KEY STRENGTHS AND WEAKNESSES OF THIS AGENCY:

Credentials for the ICA Agency Search Service

The ICA has provided this best-practice search service for ten years and has helped over 100 clients, with total billings in excess of \$300 million.

The service provides access to 70+ member agencies at the time of writing. They represent over 80% of all advertising placed in Canada. Non-members are included at the client's request.

These are additional credentials:

- The service is run by capable, experienced and highly-informed search experts—this includes up-to-date intelligence that only we, in our privileged position, can have.
- It is based on our own history of successful searches, and our connection with experts in Canada and around the world.
- It is continually evolving, based on ongoing feedback from clients who have used the service.
- We work without bias or self-interest. (As stressed throughout this guide, we play no role in agency selection.)
- We provide for greater objectivity than professional search consultancies who may have conflicts of interest (e.g. assignments with agencies being considered).
- We are experienced as a third-party voice of reason if there are internal client disputes.
- Agencies trust the ICA. This allows the client to get access to better information.
- We can ask questions agencies are reluctant to ask, ensuring better matching of clients and agencies.
- We ensure that ICA agencies are financially sound (start-up agencies have a two year waiting period before becoming eligible for membership) and adhere to our Code of Ethics.
- It is in all our interests that client/agency relationships flourish. This starts with the right selection. For this reason, we do not charge for this service except a nominal administrative fee.

Having done four agency searches in the past, I was hesitant at first to use the ICA, wondering what benefits you could provide. What convinced me upfront was the significant improvements you have made to your website including the addition of agencysearch.ca. I was given a couple of options, including just using the ICA database to do a search on my own. I did in fact use this feature to start my search, but then soon realized I could benefit from your other services. Specifically, the ability for me to use the ICA to start my search "cloaked", hence avoiding the inevitable rush of "wannabes" when word sneaks out at an early stage. Saved me time and money.

In short, your services and advice were invaluable. And it showed in the end result, with our search (according to all the agencies involved) being thorough, fair, fast, and cost-effective. What more can we ask for?

KEVIN NULLMEYER, VP OF MARKETING, WINE COUNCIL OF ONTARIO

The ICA provides guidance on both agreements and remuneration with "Guidelines for Effective Advertiser/Agency Remuneration" (a joint ACA/ICA publication) which is available at no charge or can be accessed by visiting the ICA website at www.icacanada.ca and ICA's "The Client, The Agency, The Contract" (also available to ICA members).

WHY THE “DOG AND PONY SHOW” IS NOT THE ANSWER

Two types of Agency Presentation figure quite prominently in New Business, and both can be put under the heading of dog and pony show. We recommend strongly against both:

- a) *The “Strategic Problem” Presentation.* This is where the agencies are briefed on a strategic problem (usually with heavy communication implications) and asked to present their proposed solutions after an interval of 3 – 4 weeks.
- b) *The Speculative Creative Presentation.* This is version of (a) but the agencies are also asked to present creative.

The “Strategic Problem” Presentation

On the surface, this may seem like a sensible idea:

- The objective is to see how the agency thinks and plans, and their ability to put forward a well-supported argument. It is also to get a feel for them in terms of compatibility.
- It has the appearance of being a level playing field. All agencies get the same written Backgrounder, and attend a formal face-to-face briefing (this is sometimes done with all finalists together to ensure equal access to information).
- All get the same time to work on the problem, and present their proposals.
- Creative is expressly excluded—thus removing the problems we will discuss shortly.
- Agencies are told that the solutions must be conceived and presented only by people who will be working on the business.
- Clients offer a fair-market payment to help offset the agency’s cost, and establish client ownership of the recommended solution(s).

Despite these good intentions, however, there are major risks. *The problem is that the client has no idea who did the work.*

Given what is at stake, one or more agencies may be tempted to enlist pitch resources (from freelancers, consultants, or their international network) that are not part of their ongoing service. This means that the exercise is not predictive. Also, while the briefing may be careful, the pressures of time and confidentiality usually mean that it is not complete. As a consequence, solutions rarely find their way to the marketplace—wasting money and time.

The Speculative Creative Presentation

“Let’s see what the agencies can come up with?” sounds reasonable enough, and it’s not immediately obvious why it’s a bad idea. We will develop this point in some depth.

Perhaps the most vivid comment against it is this:

To pick an agency based on speculative creative is like picking a bride off the internet—you have no idea what the future holds.¹⁰

Speculative creative has the same shortcoming as the “Strategic Problem” Presentation. It does not reflect the very thing you are looking for—what a sustained ongoing relationship will be like.

Clients who have transferred to the agency side are astonished at the resources that are thrown into speculative creative, much of it freelance or otherwise not provided by the ongoing staff.

Creative capability is, of course, pivotal in picking an agency, so how do you assess it? Best-practice is clear. Get the agency to show you its work, and explore with them (to the degree of detail you need) everything from how they identified the problem/opportunity, through strategy and insight, to execution, to results, to lessons learned. This is a rigorous approach. Compare it to the following:

- Speculative creative—because of extensive use of outside resources—does not predict an agency’s ongoing creative capability.
- It is rarely based on in-depth knowledge, which (for confidentiality reasons) is usually not entirely revealed in a pitch briefing.
- It hardly ever gets to market—this alone indicating that it is a false yardstick.
- Creative (the sheer drama of it) can have a powerful magnetic force on search teams—leading to decisions that are later regretted.
- Contrast this to well-run research—where immense effort goes into making sure that “executional factors” do not distort the underlying truth.
- Speculative creative adds significantly to an agency’s costs. Although you may say “that’s their decision to make” different agencies will make different decisions. As shown by the “Prisoner’s Dilemma,” you do not get the best result by letting things take their natural course.¹¹ A given agency may do better on the day because it outspends its rivals, but having won the business it has to recoup its investment. This is all part of red-blooded capitalism, but it does not necessarily find you the best partner.

The economics of New Business pitches are so significant that it is worth exploring them further.

¹⁰ Peter Elwood, former President of Lever Brothers and Lipton.

¹¹ Two prisoners are accused of a crime. They are interrogated separately, and offered various sentences, dependent on what the other chooses. Fearing what the other one will say, they almost invariably do *not* pick the best answer.

In 1997 and 1998, KPMG completed a study on the costs incurred by 36 agencies participating in 12 separate account reviews. The following table shows the High, Low and Average costs to the agencies. Costs are based on out-of-pocket costs, plus time-costs, on the basis of:

- Capabilities Presentations only
- Capabilities plus a “Strategic Problem” Presentation
- Capabilities, plus a Strategic Presentation plus Speculative Creative

KPMG Report: Agency Costs of New Business Presentations

Agency Costs \$000	High	Low	Average
Capabilities	14.4	2.4	6.7
Capabilities/Strategic	96.9	12.0	30.5
Speculative Creative	591.0	12.5	169.1

The table shows the explosive effect of Speculative Creative (and, to a lesser extent, Strategic Presentations) on cost. Even allowing for the fact that some costs are internal, the average of \$169,000 is a wake-up call.

Some clients may wonder how this money gets spent. The fact is that a new business competition is an all-or-nothing race. There are no silver medals, and in the heat of the chase (especially with speculative creative) costs can spiral in the blink of an eye.

One agency president, having won a major account with a very expensive pitch said ruefully, “Of course, I’m glad we won, but it’s like graduating with a huge student loan on your back. It’ll take us forever to pay back what we’ve spent out.”

This is not good for agencies, and ultimately, it is not good for clients. This is why clients can do the marketing industry a service by removing speculative creative pitches from the repertoire.

The special case where creative is needed

There are rare circumstances where creative is needed in a pitch – for example a new product launch that will use the winning work, or something very close to it, because of very tight timing.

This situation is very different from “lets see what the agencies can come up with.” You are looking for the very best solution, and it is in your interest to replicate the real world as closely as possible.

In an ongoing relationship with just one agency a creative project like this takes considerable time and effort, not only by the agency, but also by the client. Given this, it is important to be selective in who you choose, restricting this to two or perhaps three candidates.

The process then unfolds as follows:

- Brief the agencies as you would if this was a regular assignment.¹²
- Be completely available for them as they develop their work.
- Be aware of agency concerns about the confidentiality of their work. Agencies need to know that their thinking will stay under wraps.
- Dispense with some aspects of the “level playing field.” If one agency shows initiative that does not occur to the others, it is not appropriate to share this.
- Pay the agencies fairly for their time and costs.

When new business creative is handled this way, many of the issues of payment fall into place. Because you fully intend to use the winning creative, the situation is very close to what happens in architecture, when tenders go out for the design of a new building, and the work is paid for. This leads to the following best practice for advertising, modeled on the “Rules for an Architectural Competition,” developed by the Royal Architectural Institute of Canada which include the following guidelines:

- Limit the number of agencies to two or three.
- Provide fair-market remuneration to the winning agency, and half fair-market value to each of the runner(s)-up.¹³ The figures can be high (well into six figures), though the investment is to some extent “saved” because you do not have to re-invent the wheel after appointing the winner.
- Provide detailed and equal briefing to all participants.
- Review and agree the strategic direction that each agency proposes *before* they move to creative development (allow 3 weeks for this review).
- Permit sufficient time for creative development (allow 3 weeks more for this).
- Publish your selection criteria in advance, along with the names and positions of the selection committee.
- Define, precisely, the level of finish you want to see.¹⁴
- Establish and publish penalties for agencies who do not comply with the requirements of the competition.
- Discuss and agree copyright issues with each agency in advance. (The ICA advises against transfer of ownership at less than fair market value).
- Request only materials that you intend to use.

Summary of the “Dog and Pony” discussion

Strategic Problem Presentations seem reasonable, but you don’t know who has done the work.

¹² You will, of course, require them to sign Confidentiality Agreements if they haven’t already.

¹³ The figures can be high (well into six figures), though the investment is to some extent “saved” because you do not have to re-invent the wheel after appointing the winner.

¹⁴ It is worth discussing this with the agencies. Clients often feel that they can judge ideas based on rough work, but agency experience is that higher levels of finish make a big difference when getting ideas across.

Speculative Creative is actively not recommended. There is a special case for a creative pitch, when you intend to use the winning work in-market. In this case, the approach is analogous to the architectural competition, and should be handled along similar lines.

ABOUT THE ICA

The Institute of Communications and Advertising is the professional association representing the best interests of Canada's advertising agencies since 1905. The ICA includes over 90 member agencies from coast-to-coast. They account for over 90% of national advertising in Canada. The ICA promotes higher standards and best practices, and serves as the largest source of information, advice and training for Canada's advertising industry

Why Choose an ICA Agency?

1. **Better Trained.** ICA agencies aspire to superior work, professional practice and productive relationships with clients and employees. They put a greater value on human resources: typically investing a great deal on recruiting, staff training, management courses, skill upgrading, workshops, seminars, and professional development, both internally and at courses taught at ICA. These include the Communications and Advertising Accredited Professional (CAAP) program—whose graduates are among industry leaders—and the Certified Campaign Planning Program (CCPP). Both courses are open to member agencies but are also attended by Client personnel. The result is that ICA agencies find it easier to attract the best talent in every discipline – client service, account planning, creative, media – the works.
2. **Better Business-Building Advertising.** ICA agencies create a better product. They win the lion's share of awards and are at the centre of more business-building advertising than non-ICA agencies. ICA agencies are devoted to best practice, and demonstrate this daily. The member-sponsored CASSIES is striking proof. So is the ICA *Advertising Works II* textbook which defines superior techniques, and serves as a tool for members.
3. **Better Informed and Managed.** ICA membership demands proof of professional and financial performance to the ICA Board Of Directors. Then, much is provided to help them maintain, and grow, the quality gap between themselves and non-members. There are services covering virtually every industry issue. There is a staff of ICA consultants, firefighters, and experts ready to help solve urgent snarls in areas such as broadcast talent unions, market information, media accreditation, government relations, agency searches and agency management.

In addition to this, the ICA sends a non-stop flow of information to members, on trends that are shaping the industry here and abroad. This includes changing industry roles, new remuneration models, best practice in all fields, emerging client needs, new agency models, ideas on how others are meeting the challenges – or missing them – and why.

Cont'd

4. Better Support for Advertising Issues. One of the reasons advertisers prefer an ICA agency is their leadership on major issues. This includes defending the industry against detractors, promoting excellence, and paving the way towards self-regulation via Advertising Standards Canada. This leadership is seen almost daily in social, labour, legal and government circles on a growing string of serious subjects such as: restrictive laws; unreasonable or unfair taxes; unwieldy regional regulations; advertising bans; commercial freedom of speech; media regulations; and the right to advertise.

These and other issues affect the entire industry, including non-member agencies. However, no one is more impacted than advertisers. ICA agencies offer three reassurances to their clients:

- a) That they share the client's concern
- b) That their advice and recommendations are made with an understanding of the key issues
- c) That rather than play spectator, they want to lead.

FOR AN UPDATED ICA MEMBERSHIP LIST, VISIT www.icacanada.ca UNDER THE HEADING OF *ICA MEMBER AGENCIES*.

ICA AGENCY SEARCHES

Client	Budget	Year
AGF	\$ 4-6 MM	2000
Appraisal Institute of Canada	\$ 1.0 MM	2007
Auto World Imports	\$ 1.5 MM	2005
BC Institute of Technology	\$ 0.1 MM	2002
Beef Info	\$0.25MM	2006
Borden Ladner Gervais LLB	\$ 1.1 MM	2002
Bristol Myers Squibb	\$ 3.0 MM	1999
Bosch	\$ 1.5 MM	2006
Bristol Myers Squibb	\$ 0.5 MM	2000
Brother	\$ 2.0 MM	1999
Cadillac Fairview - Urban	\$ 1.5 MM	2001
Cadillac Fairview - Destination		2001
Cadillac Fairview	\$ 1.0 MM	2005
Camrost Felcorp	\$ 1.5 MM	2003
Canadian Blood Services	\$ 4.75MM	2006
Canadian Cancer Society	\$ 0.3 MM	2006
Canadian Hearing Society (semi pro-bono)	\$ 0.5 MM	2000
Casino Niagara	\$ 4.0 MM	
Cellwand	\$ 0.8 mm	2007
CGA	\$ 0.2 MM	2007
CHIP (Financial Services)	\$ 5.0 MM	1999
Contestix	\$ 7.0 MM	2000
Country Style Donuts	\$ 4.0 MM	2000
CPI Plastics	\$ 2.5 MM	2002
Destination Niagara	\$ 0.09MM	2007
Direct Energy	\$10.0 MM	2002
Doctors Without Borders (semi pro bono)	\$ 0.3 MM	
E.D. Smith	\$ 0.5 MM	1999
E&J Gallo Winery	\$ 3.0 MM	2001
Elliott & Page Mutual Funds	\$ 4.0 MM	1998
EPOST	\$ 5.0 MM	2000
Ezenet	\$ 4.5 MM	2000
407-ETR	\$ 0.2 MM	2000
Fidelity Investments	\$11.0MM	1999
Firkin Pubs	\$ 0.8 MM	1999
Fuji	\$ 3.0 MM	2000
Harry Rosen	\$ 3.0 MM	2000
H.J. Heinz	\$ 1.5 MM	2006
Home Trust	\$ 1.0 MM	2000
Honda Dealers Association	\$15.0MM	2003
Hospital for Sick Kids Foundation (semi pro bono)	\$ 0.1 MM	2001
Hudson's Bay Co. (media unbundled)	\$14-16MM	2000
International Home Foods	\$ 3.5 MM	
Kidney Foundation (pro-bono)		1999
King's College	\$ 0.03MM	2003
Loblaw/President's Choice Financial	\$ 3.5 MM	2000
Loyalty Group, The	\$ 1.5 MM	2005
M&M Meat Shops	\$ 3.5 MM	2002
Mac's Convenience Store	\$ 3.0 MM	2002
Magna International	\$ 1.0 MM	1999
Mega Bloks	\$10.0MM	2004
Metropolitan Hotels	\$ 1.0 MM	2000
MFC Global	\$ 0.5 MM	2007
Novartis	\$ 0.8 MM	2004

OK Tire	\$ 0.5 MM	2007
Ontario Home Warranty	\$ 1.5 MM	2002
Ontario Jockey Club	\$ 6.0 MM	2000
Ontario Northland	\$ 3.0 MM	1999
Ontario Toyota Dealers Association	\$15.0MM	1999
Ontario Toyota Dealers Association	\$10.0MM	2006
ParticipACTION	\$ 2.0 MM	2007
Pernod Ricard	\$ 0.08MM	2003
Playdium	\$ 2.0 MM	1999
Queen's School of Business	\$ 1.7 MM	2002
Richard Ivey School of Business	\$ 1.5 MM	1999
RONA	\$ 3.5 MM	2007
Royal & Sunalliance	\$ 2.5 MM	1999
Standard Life	\$ 6.0 MM	2001
Stratford Film Festival	\$ 0.03MM	2003
Sun Life Assurance Company of Canada	\$15.0MM	1999
Subway	\$ 4.0 MM	2005
Teletoon	\$ 1.5 MM	2002
Thomas Cook Travel	\$ 3.5 MM	2005
Tilley Endurables	\$ 3.5 MM	2006
Trade Freedom	\$ 0.3 MM	2001
Trade Freedom	\$ 0.02MM	2005
Travel Alberta	\$ 5.0 MM	2005
Travel Alberta	\$ 0.3 MM	2007
TRIEC	\$ 0.9 MM	2007
Variety (Pro Bono)	\$ 0.0 MM	2007
VenGrowth Funds	\$ 1.0 MM	2000
W. Grants	\$ 1.0 MM	2005
Walmart	\$ 5.0 MM	
Webcom	\$ 1.0 MM	1999
William Ashley's	\$ 0.	2003
Wine Council Of Ontario	\$ 3.0 MM	2001
Wine Rack	\$ 0.8 MM	2002
<i>Searches currently in progress</i>		
Retail Sector	\$30.0 MM	2007
Barrett Xplore	\$ 2.5 MM	2007

\$318.55MM

We have also had consultation with the following clients: 2010 Olympics, Anderson Consulting, Athena, Berkshire Investments, Bi Way, CIBC, Canadian Niagara Hotels, Canadian Tire, Cantel, Church & Dwight, Corel Corporation, Danier Leather, Delta, Foster Parents, GlaxoSmithKline, Krieger & Associates, Miele, Novartis, NRCS Credit Card, Sears, Sempra Gas, Toronto Crime Stoppers, United Way Vancouver, Winners and World Health Services Council.

For the most current available ICA Agency Search list, call 416-482-1396 Ext. 229



"Thank you so much for all your help in our Ad Agency Selection process. We feel great about the transparent process that we implemented and we are widely excited about its outcome. Thank you!! It was really terrific working with you."

ParticipACTION

"I'm very glad we did use the auspices of the ICA in this case, because it forced us to be open, accountable and transparent in how we managed the process."

Destination Niagara

"I am happy to report we have been very pleased with the entire process. Many thanks to ICA for all its support and information during the search process. It was invaluable. And we would be happy to provide recommendations or anything else you might require down the road."

CGA-Canada

"I really want to thank you for all your help. I will highly recommend the ICA to folks. It definitely helped us and made the process go smoothly. Being a national organization it established a non-biased approach which will be important as we move forward."

Canadian Cancer Society

"We are happy with our decision and the process. I personally want to thank you and your team for your assistance, guidance and insight into the process. It was a fantastic process and one that I have been highly recommending to anyone that will listen!"

Loyalty/Airmiles

"OHDA found the process through the ICA to be professional, courteous and enlightening. We underestimated the amount of work that goes into selecting an agency of record. You and your staff were absolutely integral in us being able to make an informed decision. We would highly recommend and encourage others to use the ICA process for both efficiency and education. Thank you ICA, your resources were invaluable."

Ontario Honda Dealers Association

"Having done four Agency Searches in the past, I was hesitant at first to use ICA, wondering what benefits you could provide. What convinced me upfront was the significant improvements you have made to your website over the past couple of years including the addition of agencysearch.ca. I was given a couple of options, including just using ICA database to do a search on my own. I did in fact use this feature to start my search, but then soon realized I could benefit from your other services. Specifically, the ability for me to use ICA to start my search "cloaked", hence avoiding that inevitable rush of "wannabes" when word sneaks out at an early stage. Saved me time and money.

In short, your services and advice were invaluable. And I believed it showed in the end result, with our search (according to all the Agencies involved) being: thorough, fair, fast, and cost-effective. What more could we ask for?"

Kevin Nullmeyer
Vice President of Marketing
Wine Council Of Ontario