



A CMO's Wake-up Call: not *Who* but *How*

Why CMOs must shift their mindset and focus from “Which agencies should I hire?” to “How can I operate to embolden agencies to succeed?” —no matter whom a brand partners with.

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A recent [article](#) by Ad Age predicts an increase in account reviews as a result of agency layoffs, corporate restructuring, leadership changes, and high CMO turnover. Every year, as the industry faces new challenges, economic or otherwise, experts reach similar conclusions: brand advertisers will get antsy and look elsewhere to manage their advertising efforts. They put their account up for review, inviting the incumbent to defend and soliciting top talent from other agencies to prove themselves worthy of their massive budgets. A bloodbath often ensues. A [study](#) by Advertiser Perceptions commissioned by the Association of National Advertisers and the 4A's concluded that agency reviews cost a combined \$1 million on average for the marketers and agencies involved. Additionally, incumbent shops

were found to spend over \$400,000 to defend. Naturally, the study found that 25% of incumbents decline to participate. They are not to blame as the odds are not stacked in their favor. Per our friends at COMvergence, last year's retention rate in media reviews was 21%, the lowest since 2016.

For a moment, let's set aside the distractions and disruptions marketers experience during reviews, along with the exorbitant costs both parties incur. The review takes place, and the brand appoints a new agency of record. A win, right? Not so fast. The “grass is always greener on the other side” mindset proves short lived: “new” is not synonymous with “better.” Over time, the challenges a client faced with previous agencies reappear in the new relationship.



It is difficult for any organization to admit that they might be part of the problem in the first place. “It's not you, it's me.” A new mindset is desperately needed, shifting the focus from *who* the right partner is to *how* to operate and make any partnership successful.

The “*Who*” Still Matters

In our recent annual Industry Update [recap](#), we covered 147 client–agency changes, a small subset of all agency reviews in 2023, as we focus on the largest brands in the marketplace. Of those 147, 136 began new relationships, indicating an even lower retention rate (7.5%) across disciplines than in media reviews alone. Slightly more than 100 went through an agency

review, a mix of media, creative, and social, and a few were fully integrated. Some were massive reviews, especially in media given the size of budgets; e.g., Pfizer, Ferrero, Nestlé, and LVMH. The partner remains an important consideration for any brand. Under constant competitive pressure, having the right talent, with the desired competencies, becomes mission critical.

However, the best talent without proper guidance and oversight, processes, supportive leadership, operating tools, and resources will be severely undermined and ill-ready to fulfill objectives. We see it repeatedly: some of the best agencies in the world are put under review. Are those agencies no longer on top of their game? Or are they simply operating in suboptimal conditions for clients who have not put enough effort and attention into setting the partner and the brand up for success? By now, you know the answer. Let's look at what it takes to fully leverage agency talent.



The “How” Matters More

To make the most efficient use of agency talent, brands must commit to operational excellence, which refers to an organizational philosophy and the practical pursuit of improved performance in all aspects of the client–agency relationship. By combining rigorous, agile processes with cutting-edge technology, reporting, and management, brands can fine-tune the use of valuable resources and drive performance. Here are the most fundamental operational components:

ROSTER MANAGEMENT

Not every agency in the client’s roster is equally equipped to take on a given assignment. Matching the right agency talent to the right project requires some understanding of their unique capabilities and competencies.

Takeaway: CMOs must provide their teams with up-to-date, detailed agency profiles. Marketers need quality profiles to make thoughtful decisions about whom to assign to a project.

SCOPE PLANNING

The ability to jointly define initiatives, campaigns, projects, and deliverables is essential for enabling agencies to staff the business with the right resources and skill sets.

Takeaway: CMOs must determine what compensation model they want for their organization. They should provide marketers with streamlined workflows, standard templates, and analytical resources to lock on SOWs and associated resources with their agencies.

SCOPE MANAGEMENT AND RECONCILIATION

Over the course of the year, brand advertisers must monitor the progress of their work and determine if they are on plan or need to adjust.

Takeaway: CMOs must require agencies to provide progress updates and reconciliation reports, so marketers can course-correct as needed to ensure success.

FEE NEGOTIATIONS

Most compensation models require alignment between the work and the resources required for delivery. As details about the work are solidified, agencies submit fee or resource proposals for marketers to approve.

Takeaway: CMOs must provide their

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marketing teams with the intelligence and negotiation tools to right-size operations and deliver cost-effectively.

BUDGET MANAGEMENT

Brand work is highly dynamic and usually changes during the year. Projects are canceled or added based on shifting priorities, new direction, or competitive pressure.

Takeaway: CMOs must ensure their marketers understand budget ramifications and make thoughtful adjustments while maintaining fiscal accountability.

PERFORMANCE EVALUATION

No matter how talented the agency or marketers are, both the work and the relationship will be under significant pressure. Consequently, the relationship and production can suffer, calling for improvement.

Takeaway: CMOs must enable a regular exchange of constructive feedback between marketers and agencies, allowing both parties to strengthen, and the partnership to flourish.

KPI AND SCORECARD MANAGEMENT

Brand advertisers rely on key performance indicators (KPIs) to know whether they are achieving set objectives. They often have scorecards to broadly measure the performance of their agencies, which often lead to bonuses or

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maluses impacting financial performance and overall compensation.

Takeaway: CMOs must establish rigorous, reliable guidelines and solutions to track and report on KPIs.

BRIEFING

Throughout the year, marketers must brief agencies in greater detail about the specifics of a given assignment. The better informed agencies are, the more likely they are to meet or exceed performance expectations.

Takeaway: CMOs must provide their marketing organization with the means to systematically and accurately brief agencies.

TRAINING

As new agencies are onboarded or agencies experience talent attrition, the need to educate key stakeholders about

policies, processes, and service-level agreements becomes essential. Without such training, brands may experience significant waste, delays, and compliance and risk issues.

Takeaway: CMOs must establish training plans that support their own teams as well as the agencies they rely on to go to market.

DATA-DRIVEN DECISION-MAKING

Marketers make decisions daily, relying on their business instinct, experience, and timely, actionable data.

Takeaway: CMOs must provide their marketing teams with dynamic, interactive dashboards that enable them to make informed decisions and optimize their agency partnerships.

BENCHMARKING, PROCESS OPTIMIZATION, AND COST EFFICIENCY

Marketers are not statisticians by trade. But they must use resources like internal or external benchmarks to compare and contrast with agency proposals. They must identify gaps or deficiencies that contribute to suboptimal work.

Takeaway: CMOs must provide marketers with the tools and capabilities to diagnose their work, identify more efficient ways to execute, and better leverage agency resources.

The Wake-up Call

Marketing has never been more complex or challenging as a professional discipline. Selecting the right agency partner is no longer good enough for marketing leaders and CMOs to deliver on their brand's mission and growth agenda, no matter how amazing that agency might be. This wake-up call is now resonating with an increasing number of marketing leaders and CMOs, who are perplexed as to why working with the best agencies in the world is falling short of expectations. Agencies simply cannot deliver unless they, along with marketing teams, are adequately supported with the right tools and resources. Operational excellence in agency management is an ongoing commitment to improvement. It requires embracing principles and ways of working together that ultimately drive growth. ■



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Bruno Gralpois 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.

Our clients' continued accomplishments result from cutting-edge practices in the area of agency management. See how stronger relationships contribute to better marketing.

