



## ANA/4A'S WHITE PAPER

# Agency Reviews for Project Work Guidance Considerations

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## I. PURPOSE

Best practices for conducting an agency search for an Agency of Record (AOR) are well documented in both the ANA/4A's [Guidelines for Agency Search](#) and the [Agency Selection Briefing Guidance](#). Agency reviews for project work, however, do not have a similar guidance tool. Project assignments are limited in time and scope, and are usually driven by a need to address a defined business opportunity.

There is no industry-wide consistency in how agency reviews for project work should be conducted, but there is an opportunity to streamline the agency selection review process to be more efficient and effective, given the short-term nature of these relationships.

Project assignments are on the rise. In the 4A's 2014 [Survey on Reviews for Project Assignments](#), 91 percent of advertising agency respondents reported working on projects for new clients. Almost half (48 percent) of the project assignments required agencies to compete for the assignment. Furthermore, project fees varied widely, from \$10,000 to over \$1 million. According to the survey, project assignments are often for strategy and creative development but can also cover areas such as website development, social media, PR, media planning, and media buying.

As the number of competitive reviews for project assignments increases, the ANA and the 4A's have collaborated to provide both clients and agencies with considerations to help optimize the review process.

## II. BACKGROUND

There has been a significant amount of recent discussion around the relative merits of “agency of record (AOR)” and “project by project (PxP)” client-agency relationship models. There are pros and cons to each model, and they are not mutually exclusive.

### Agency of Record (AOR) Model

The AOR, the traditional client-agency model, is a retainer arrangement based on leveraging continuity and joint investment of talent and resources in enduring relationships. The AOR model encourages the agency to invest its talent in continuous comprehensive servicing of the client’s business, strategy, and implementation requirements, and helps optimize continuity of staffing. The AOR approach typically provides the client with a level of dedicated agency resources at agreed-upon terms, and makes it easier to coordinate integrated marketing communications.

There may be times, however, when the client isn’t engaged in an AOR relationship, or when an AOR model doesn’t address a client’s needs for specialty expertise, limited-time service, or additional thinking outside the existing relationship.

### Project by Project (PxP) Model

The fragmentation of media, expanded specialist marketing resources, and client-side financial pressures have led to an increase in project-by-project-based relationships. Project assignments are limited in time and scope, and are usually driven by a need to address a defined business opportunity. PxP relationships are different from the AOR model in a number of important ways; PxP engagements enable clients to consider less familiar agency candidates that may not make a shortlist under an AOR review.

- PxP assignments enable agencies to engage in a category they may not otherwise have an opportunity to be involved with.
- A client may not have the need for ongoing agency support but does have a need for specialized expertise, so a shorter-term engagement may be more appropriate.
- A project provides both sides the opportunity to “try out” a relationship before making a longer-term commitment.
- The PxP model could be a “springboard” leading to additional and more substantial business.

Clients and agencies engaging in PxP relationships should take the following into consideration:

- Because of its short-term nature, a project model can limit agency engagement in the client’s ongoing strategy and planning process.
- PxP relationships can make continuity and coordination more difficult.
- PxP relationships can limit the ability of an agency to plan and scale staffing requirements efficiently and leverage brand knowledge and learning.
- Agency cost and pricing dynamics may be different for PxP and AOR/retainer models.

It is suggested that clients considering PxP models share their thinking with agency candidates so that each can fairly evaluate the opportunity and reflect that in their project proposals.

The PxP model is focused on selecting the best agency for a specific task, whereas the focus of the AOR model is to select the best agency to provide ongoing strategic counsel and deliver against an ongoing statement of work.

### Is a Review Even Necessary?

In addition to deciding what kind of relationship with a prospective agency is needed, clients should think about how they will choose that agency. In the case of a project-based relationship, clients may choose not to conduct a formal agency review — not all projects benefit from one. A more streamlined approach for these smaller assignments saves time and effort on both sides and enables the agency to get started on the work sooner.

There are times, however, when clients want to become familiar with agency candidates they know little or nothing about, or the project is high-budget, complex, or of longer duration. Clients should consider both the project need and their longer-term agency roster goals when determining whether to invest the time and attention required to conduct a formal agency review for a project assignment.

### III. WHY PROJECT REVIEW EFFICIENCY IS IMPORTANT

Project review efficiency has many benefits for clients and agencies.

#### For Clients

- **Speed to market**  
An inefficiently conducted review (e.g., too many agencies involved, too many steps in the timeline) takes valuable time out of the marketing calendar.
- **Broader agency selection pool**  
The 4A's 2014 Survey on Reviews for Project Assignments noted that many agencies are declining to participate in pitches for project assignments. When the review process is streamlined, more agencies are inclined to participate.
- **Costs and distractions decrease**  
Conducting a review of any kind is a costly endeavor, measured in both time and opportunity. An efficient process limits cost and distraction.
- **Getting to the right answer**  
Streamlined timelines, clear briefings, and agency access to client-side decision-makers all increase the likelihood of arriving at a smart, viable solution.
- **Clients ultimately pay agency review costs**  
The cost of reviews (which can be substantial for agencies) are built into every agency's overhead. The more inefficient the review process, the higher the fees for all of an agency's clients. Efficient selection processes benefit both client and agency.

#### For Agencies

- **Resource allocation**  
With increasing pressure on agency margins, agencies don't have the luxury of a "bench" from which to draw talent when a project review arises. To participate, agencies must either pull talent from existing clients or use freelance talent.
- **Non-billable time**  
Agencies need to carefully manage non-billable time. The more time agencies dedicate to the process, the less time they have to spend on revenue-generating business. Agencies need to optimize how they deploy resources to maximize the efficiency of the agency overall.

## IV. GENERAL CONSIDERATIONS FOR AN EFFICIENT PROJECT REVIEW PROCESS

### Overall

- It's prudent practice for clients to share project budgets (or a range of expected spending) with agencies early in the process so that agencies can assess the opportunity. If this important information isn't provided to the agency until the end of the process, the risk is that agencies withdraw or suggest solutions that are unaffordable or inadequate for the client's needs, leaving the client to start over.
- Have a discussion about proprietary information/ideas that will be shared. Have that conversation early in the process and document mutual understandings in a NDA (non-disclosure agreement).
- Have an early open discussion about exclusivity/conflicts and come to agreement on a competitive set appropriate to the scale of the project. Given the short-term nature of most projects, conflict parameters, if any, should be abbreviated, tightly defined based on competitive lines of business, and appropriately calibrated to the scope and scale of the relationship. For PxP relationships, where confidentiality/conflicts are a concern, consider a confidentiality/conflicts framework that is based on key agency personnel who work on the project assignment rather than aggregate agency restrictions (i.e., limit key agency individuals from simultaneously working on directly competitive projects for clients).

Client and agency should not start work until project budget and contractual terms are agreed upon in writing, and signed by both sides.

### For Clients

- Consider the skill sets and capabilities that you are looking to access and scale your search parameters as necessary.
- Consider whether you are looking for the organization that can best accomplish your specific project assignment or you are interested in adding subject matter expertise that you may need to call on for help with future assignments.
- A briefing must be part of the process, so be as detailed as possible and provide a specific scope of deliverables. Whether it's a simple one-stage project RFP or a multi-stage review, agency output is directly affected by client input. The more detailed the brief, the better armed the agencies are to provide relevant information for the problem they're trying to solve.
- Clients should review their current agency roster and consider existing partners first.
- If you do choose to go outside your current roster, be sure to discuss with those roster agencies why they aren't being included in the consideration set for this work.
- Be transparent about fees, marketing spend, and potential future opportunity, so that the agency has the information it needs to decide whether it's worthwhile to participate.
- Be clear on KPIs for success.
- Clients should align the parameters of the review to fit the opportunity. If the assignment is small in scope, the requirements for the review, and the number of agencies being considered for the assignment, should be scaled accordingly. The more complex the assignment, the more information you may need from the agencies to determine the best fit for the project.
- Align the organization — particularly marketing and procurement — on review objectives and criteria. Inefficient reviews often stem from marketing and procurement not collaborating on drivers such as budget, timing, deliverables, and selection criteria prior to conducting the review. Lack of alignment can lead to wasted time on both sides, and in the worst case scenario, the selection of an agency that is not a good fit for the assignment.

## For Agencies

- Agencies need to understand the client's problem/opportunity, the competitive framework, the target consumer, and the project's objectives.
- Ask tough, probing questions about the assignment (e.g., budget, process overview, decision-makers, decision-making criteria).
- Focus your project review participation. Few firms are best-in-class at everything, and none are a great fit for every client. Be strategic. Make deliberate decisions about the kind of work you are best suited for and the kind of clients you can do your best work for.
- Be transparent with your staff resources and capabilities. If the preferred agency team is not available to work on the project, don't bait and switch. Discuss project timeframe scheduling flexibility with the client. If the project does not leverage your core competence or if the project specifications and/or budget do not fit your servicing model, then either address the gap or decline to participate in the project review after telling the client the reasons for your decision.
- Secure the commitment, time, and consideration of the client decision-maker at all stages.
- Focus on the project. Do a great job; then the client and agency can talk about expanded assignments if an opportunity presents itself.
- Agencies need to make the decision to invest in the review based on an honest budget and reasonable expectations.

## V. PROJECT SCOPE, COMPLEXITY, AND REVIEW OBJECTIVE DYNAMICS

The scope, complexity, budget, and timeline of a project can and should influence the review process. The client's motivations for the project review will also affect the process design. Due diligence among a defined pre-qualified list of roster agencies can and should be more streamlined than an open review where the client wants to investigate alternative or expanded resources.

The suggestions below frame project review considerations within the context of project scope, complexity, and review objective dynamics.

### (a) Short-Term Tactical Assignments

#### For Clients

- Identify a limited number of agencies which have experience which aligns with the project criteria. Don't overlook existing roster agencies which may have capabilities you haven't fully leveraged.
- Through a project RFP (i.e., a hybrid combination of a basic RFI and a streamlined RFP), outline the background for the assignment, the scope of work, the budget, the timeline, how project success will be measured, and key criteria for agency selection. Ask the agency for general RFI "off the shelf" information. This should include information about the agency along with specifically tailored questions that will help you determine which agency best understands the challenge and is best suited to partner with you on this project. Examples of project-related questions might include:
  - What projects have you worked on that have solved similar business problems?
  - What experience do you have working in our category?
  - What experience do you have working with our target audience?
  - For which clients or projects have you solved similar challenges?
- Ask any follow-up questions you may have for each agency and then make your selection.
- For low-risk, limited-scope, and smaller-budget projects, you might consider skipping a review altogether.
- A review for short-term tactical project assignments should not require or suggest that agencies submit costly and time-consuming speculative strategic or creative work. Doing so unnecessarily increases cost to the agency (which is ultimately passed on to clients) and reduces the number of high-performing agencies willing to participate.

#### For Agencies

- Make sure you have enough information from the client to provide the most relevant answers to the questions in the project RFP.
- If you don't have the right experience or capacity to deliver against the assignment, be honest with the client and decline to participate. With a limited field of contenders, this is in the interest of all parties.
- If the budget or the timeline aren't reasonable for the work that's being requested, provide an alternative for the client to consider. They may have some flexibility when they understand what you've learned through experience.
- If spec work is not required or requested by the client, then agencies are under no obligation to provide spec strategic or creative work.

## **(b) Intermediate-Term and Complex Assignments**

Some client project reviews involve large-budget, highly-complex, and multi-phase or multi-year activities. When a project is longer-term or complex, or requires highly specialized talent, then a more comprehensive review process is often warranted. In other words, the project review dynamics and process should appropriately reflect the size and scope of the assignment.

### **For Clients**

- Clients should seriously consider if speculative strategic or creative work is required. Requiring or requesting speculative thinking is costly and time-consuming, and may limit the number of agency participants. An alternative may be for the agency to provide examples of how they have solved similar problems for other clients in the same or other categories.
- If a client feels that the only way to judge agency capabilities is to interact with agency participants on spec work (for a large or complex project), then the client may consider paying a fee to the agency to defray the agency's costs.
- Ownership of any spec work should also be discussed, and a formal agreement established between the parties.

### **For Agencies**

- If spec work is required in order to participate in the review, there should be a separate discussion around ownership of the work and a formal agreement established between the parties.
- Agencies don't have to say "yes" to every pitch. Be good stewards of your agency's resources and your agency "brand." Think carefully whether it's in your best interest to participate, taking into consideration the investment required to pitch this particular assignment, the fit of this assignment with your core capabilities, and whether this is the kind of client you can do your best work for.

# PROJECT REVIEW CONSIDERATIONS SUMMARY

Project assignments come in many different types, scopes, and complexity ranges. As a result, there are often good reasons for conducting project reviews. The importance of project review efficiency to both clients and agencies warrants thoughtful project review planning and prudent process calibration so that the scale of the request fits the size of the opportunity.

Project engagement is particularly appropriate when the client's needs are short-term and limited in scope, and/or when special expertise, beyond that of roster agencies, is required. The most important consideration in conducting a review for a project-based assignment is to match the process to the opportunity. The success of the selection process, the quality of the work, and the relationship are maximized when both sides enter the discussions with thoughtful and deliberate consideration of their own needs and that of their prospective partners and a clear assessment of the opportunity and the options. Done well, project work can be an efficient way for clients to find new resources and for agencies to find new business opportunities.

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