

# In our agency we trust

David Miln, Results Business Consulting, examines the findings from a survey of UK advertisers, which suggest all is not well with client-agency relationships

**T**RUST, OR RATHER a lack of it, is an abiding concern for agency-client relationships. The agencies, their associations, the purchasing managers and client organisations are all presently engaged by the problem and what might be done about it. They are quite right to be concerned. Client trust in the agency's ability to deliver a significant creative contribution to their business is essential for a sustained relationship. When trust erodes the agency becomes vulnerable, confidence falls and the work suffers. This cycle is happening more now under the additional twin pressures of measured accountability and cost-efficiency. Agencies continue to be more or less constructive about measurement, but have often been damagingly defensive about cost-effectiveness.

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For many years Results has conducted client-agency-relationship satisfaction studies on a wide range of agency and client types, using both open-ended and structured questioning. Recently, the structured data have been aggregated to draw general conclusions about the dynamics of client-agency relationships and the issues involved (i). This article is based on that work and on an earlier study (2) looking into the process by which 45 individual agency-client relationships had failed, with a new agency subsequently appointed.

## Breakdown of trust

*Love, Marriage and Divorce* illustrates just how quickly after an agency appointment the cracks begin to show in either the agency's delivery of satisfactory work or the client's general good opinion, either of which is enough to sink the relationship. When breakdown comes it rarely comes quickly, however (12 months being typical), yet in the cases studied no agency acted decisively or quickly enough to save the business.

## Performance alone is not enough

Requirements for a new agency call for creative contribution and marketing counsel. Selection at pitch, however, depends, at the end of the day, on the client's good opinion (often described as 'chemistry'). Anything that, later on, upsets that good opinion will of course be destructive to the relationship. The fact shown in the study, that few agencies actually raise the subject of money early on, and that fewer still negotiate actively having crafted a position of strength, reflects badly on both the agency's cost management and commercial nous. In many cases the agency loses client respect even before the relationship has started.

## The relationship benchmark study

This was completed in January 2005 and comprises 70 client interviews and a wide variety of agency types. A battery of more than 70 questions covering all aspects of the client's view of the agency's relationship is used in the study. In the benchmark report the 70 questions have been amalgamated into a small number of agency attributes. The report provides a normative base with which to compare the results of future individual client satisfaction work and, in so far as it can be considered representative, in itself provides a view of the typical agency by the typical client.

Table i shows the main attributes and the statement (out of the 70 or so) that yielded the lowest and the highest aggregate score within each attribute.

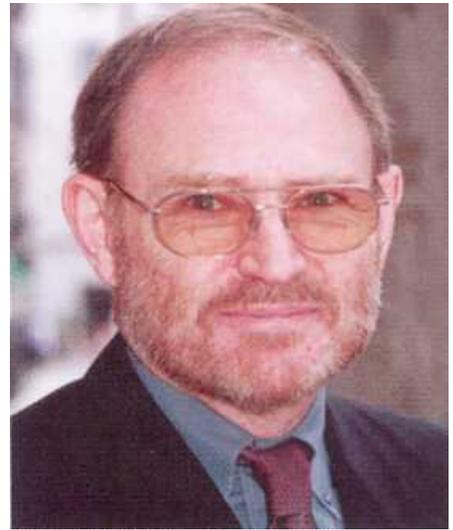
Figure i shows that while attitude, creative and business understanding index above the average satisfaction score, stewardship, especially of money, indexes below average. In short, the agency typified by the aggregate data is let down by a failure to be seen to look after the client's interest and husband the client's resource. In the current climate of cost management and efficiency this has to be highly detrimental to the

TABLE 1

The 'typical client' views of the 'typical agency'

Attribute	Example of statements used: lowest (L) and highest (H) scorers
Attitude	'have a sense of urgency' (L) 'have a good relationship with the client team' (H)
Understanding	'recommend intelligent and appropriate use of research' (L) 'show good understanding of consumers' (H)
Creative	'creative that is effective' (L) 'constantly strive to provide the best creative solutions' (H)
Process	'always send out invoices at the appropriate time' (L) 'always ensure that messages reach the intended person' (H)
Stewardship (behaviour)	'show good initiatives on your business' (L) 'demonstrate a clear commitment to your business' (H)
Stewardship (money)	'strive to demonstrate effectiveness of the advertising budget' (L) 'create advertising with due regard to available budgets' (H)

**David Miln** is currently an independent company director (financial market research and car rental businesses) and a senior consultant with Results Business Consulting. Previously he worked in market research and later in advertising, at Saatchi & Saatchi.



client's good opinion of the agency. The result at best is a reduction in trust and ultimately the loss of the business. Agencies with stewardship issues must deal with the issues or pay the ultimate price.

What should agencies do? The action necessary is to improve client focus, be objective about the client's feelings, listen carefully to all issues, particularly to those of process or stewardship, determine what resource and effort is strictly necessary and collaborate with the client on (joint) action to eliminate the time (and money) not strictly required. Challenge

the clients on these matters - the result will be improved efficiency for both parties. Such proactivity by the agency demonstrates initiative and good stewardship, while helping to use agency resources more efficiently. It also highlights areas for shared benefits and provides a sound, reliable platform from which the agency can negotiate income.

Stewardship is important but it is not the only fix needed: clearly stewardship is typically the problem, but is not equally a problem in all aspects. The gap between the lowest- and the highest-scoring statement (see Table i for the actual statements)

on stewardship is just over one out of often.

### Process

As shown in Figure 2, process actually has the widest range of all the attributes. This suggests that while process indexes at the same level as overall satisfaction score, there is considerable variability, so aspects of agency process represent a considerable problem for some clients.

### Creative

Measures all score closely together (as does understanding), but the benchmark study as a whole suggests clients are reluctant to criticise their agency's creativity, at least until it is too late (that is, they are about to fire them). From talking to clients about this, the explanation seems to be that many clients feel the need to stand shoulder to shoulder with the agency on their creative ability, so as to be encouraging - as well as avoiding the admission that they have the wrong agency, until they are forced to act, that is.

### Understanding

Further analysis of the data looks at the statements on which the clients were most extremely negative - statements where they were rating agencies less than four out of ten. The problems are confirmed in process (nearly 20% of clients giving a lowest score less than four), followed by stewardship of money and stewardship of behaviour. Understanding appears for the first time here though, 11% of clients rate understanding less than four, so this is something not to be overlooked, as understanding the client's business is one of the attributes on which clients are most keen.

### Transparency and integration

Two other attributes constructed from the relevant questions are transparency and integration, the former related to a subset of questions principally in stewardship and the latter in process. Both issues occur quite frequently in the qualitative discussions with clients >

FIGURE 1

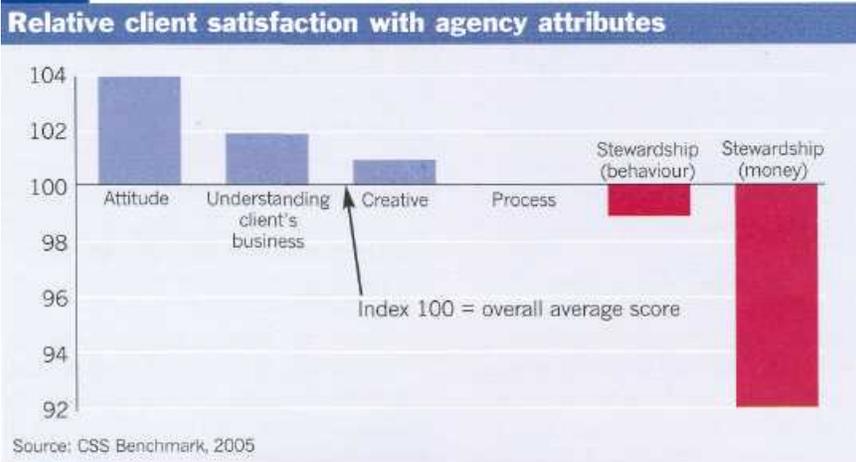
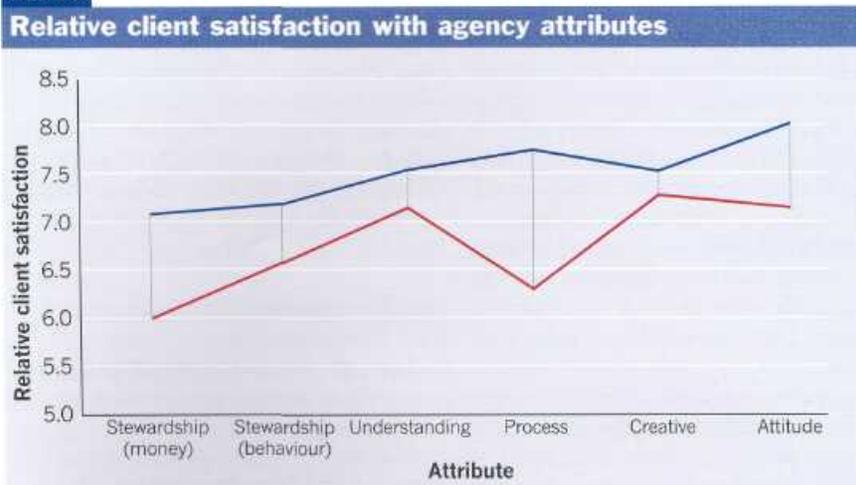
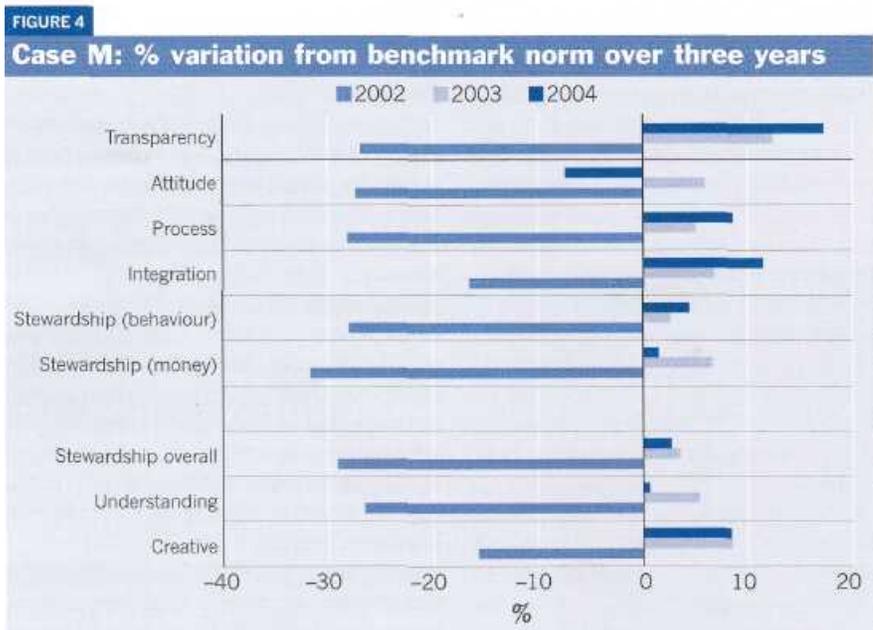


FIGURE 2





that follow the structured questionnaire in the client satisfaction study methodology.

**How to lose**

A couple of actual cases including these variables follow. The first concerns the UK domestic agency of a client with a multinational brand (see Figure 3).

Agency A was below benchmark on creative and stewardship, particularly on stewardship of money. Its transparency, attitudes and processes generally were good however (against benchmark), but the good process number disguised several problems that needed urgent attention. The agency's inability to integrate more closely with DM also rankled. In the end the agency did not respond swiftly and lost the account.

**How to win**

The final example (see Figure 4) is for an agency that did respond speedily to, it has to be said, an appalling situation. Over a three-year period, working very closely with the client, the situation was turned around. The agency team was changed from top to bottom almost immediately and the client also made a change. The client and the new agency team developed together a 'Contract of Expectations' in which the relationship requirements of the client and the agency over the next 12 months were defined both operationally and financially. Progressive improvement followed.

As will be seen from Figure 4, there may be a little bit of complacency setting in. It is unusual to see, as in 2004, attitude on the wrong side of the line: agencies

usually do well on attitude - it's generally the behaviour that lets them down!

**Conclusions**

If agencies are to improve and sustain good margins then, with each client, they must do great work and must earn trust. Truly great work will make up for a lot of other issues, but if the client can't give a good report to the agency across the board then there will eventually be problems with the relationship, quality will suffer and the business lost. The failure to deliver creative, to understand the client and the client's business, to be consistent across countries or to integrate across all media and communications options will of course cost an agency the business. Just as certainly, the gradual erosion of trust due to poor processes and poor husbandry of the client's resources will weaken the foundations of the relationship, reduce mutual confidence, hurt morale and the business will just as certainly be lost.

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Conversely, the agency that is rated highly by the client on stewardship and processes is one that is confident in its delivery of excellent work, efficient in operation and can prove it, and is not afraid to take initiative with the client. It has the confidence to go on the offensive and talk with the client on equal terms about mutual benefit, backed up by the courage, in the best interests of both parties, to walk away when client and agency principles are not aligned. It is through these means that respect and trust will be earned.

1. *Relationship Benchmark Study*. January 2005.
2. *Love, Marriage and Divorce: The client perspective on agencies winning and holding new business*. March 1999.

davidmiln@blueyonder.co.uk