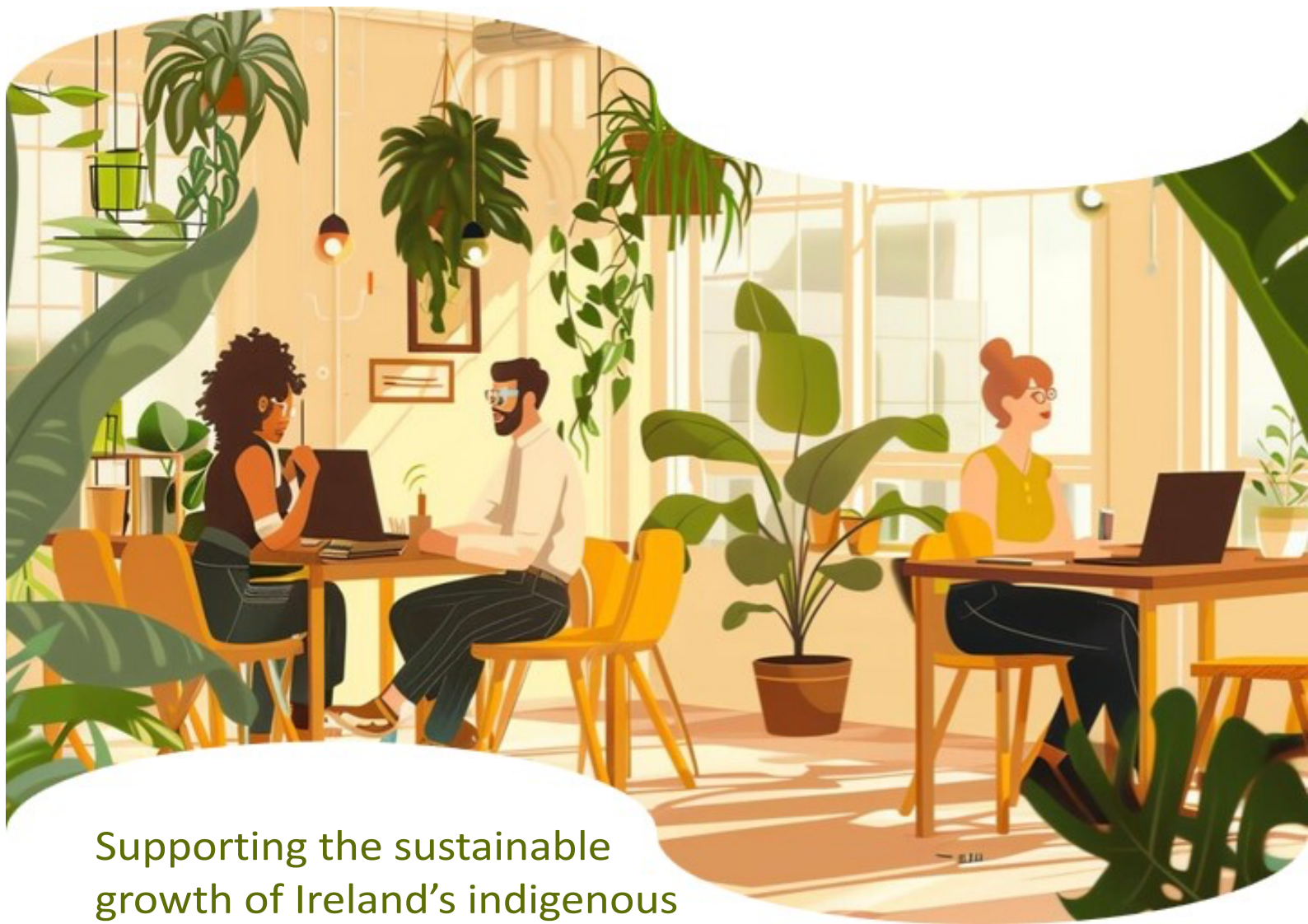


Charter for Creative Agency Selection



Supporting the sustainable growth of Ireland's indigenous advertising Industry

iapi

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2. Introduction

Selecting an appropriately sized and skilled agency partner is an important decision for marketing leaders, requiring considerable time and investment. The investment decision is substantial, the potential value enormous, so there is a lot riding on making ‘therightchoice’.

Equally, in striving to create sustainable workplaces, we need to recognise that it means doing business differently across all areas of the organisation and joining the dots between people, planet, and profit. From a people perspective, social sustainability highlights the critical need to ensure the health, safety and wellbeing of everyone within our sphere of influence.

To maintain a financially viable and sustainable advertising industry in Ireland, it is imperative that the networks see value in having a presence in the Irish market and that independent, Irish owned agencies maintain their strong presence here. This means maintaining a profitable industry that is flourishing, as the alternative would result in considerable additional cost of using international agencies and a further brain drain from the Irish market of highly talented individuals.

So, as enlightened businesses commit to operating ESG initiatives across the supply chain, we need to reform the, at times, inefficient selection practices so that we enable a safe, ethical, and sustainable process, better suited to quantifying the value of expertise.

For clients, traditional RFPs are fine for sourcing unit-based or standard goods and services but not so effective for creative and strategic expertise that is custom and complex. Several leading marketers and pitch consultants in the Irish market have made important adjustments to the agency selection process which has resulted in a more equitable outcome for both parties. IAPI have also supported best practice by producing a set of [pitch guidelines](#) along with accrediting pitch consultants who adhere to these guidelines.

Unfortunately, there are several pitches being undertaken that do not adhere to best practice and this is where the issue lies. In the main, this stems from those smaller, challenger brands who are not always aware of the [current pitch guidelines](#), published by IAPI and supported by The Marketing Institute of Ireland (MII) and The Association of Advertisers in Ireland (AAI).

Smaller, challenger brands make up a significant proportion of the pitches taking place in the Irish market (75% are under €300k in value). In turn, those brands tend to invite smaller, independent agencies to pitch, who stated in the 2023 IAPI Census that only 25% are managed by experienced pitch consultants.



3. It is time to rethink the Creative Pitch

From the agency's perspective, unpaid, multi-stage creative pitches on projects worth less than €300,000 in potential agency revenue, are negatively impacting agency operating models, profitability, and culture.

The 2023 IAPI Industry Census, in which 72% of IAPI members took part, found that each creative pitch can cost up to €54,000 in staff time and €6,000 in 3rd party costs. For clients, the IAPI 2023 Pitch Survey indicated that a pitch process costs marketing departments an average of €9,000 in staff time.

With profit margins recorded between 9 - 12% for Irish creative agencies, (*almost half that of their UK counterparts where profit margins are 15-20% on average*), this means that, for certain smaller projects, the traditional creative pitch process has become financially unsustainable. In Ireland, where ALL agencies are on the smaller side of the SME scale, this is even more prohibitive, especially when you consider that on average IAPI creative agencies undertake 9 pitches a year.

The impact on agencies is not just financial. The Feb 2024 IAPI Sentiment Survey shows that 25% of the total workforce and 40% of Senior Management are always stressed at work, with over half of Leaders and Senior Management citing pitching as a considerable or highest contributor of this stress.

Of course, agencies do not have to take part in pitch processes that will have a negative impact on the health and wellbeing of their staff. However, participating in pitch processes is seen as an imperative to survive in Ireland's highly competitive, small market as nearly half (47%) of new business for creative agencies still originates from pitches.

Another distressing statistic, according to the IAPI agencies surveyed in July 2023, is that less than one third of pitch creative is used by brands following a pitch process. This highlights that creative outputs are not always necessary and can even be a waste of time and resource in a pitch situation.

IAPI exists to foster the long-term prosperity of the industry and have undertaken this project to protect and nurture its' members, as well as their client partners. By adhering to a clear set of principles it will be of mutual benefit to the marketing and advertising community.



4. Principles in Summary

IAPI, together with a working group of its agency members, pitch consultants and brand marketers, have designed the following **PRINCIPLES** for marketers, agencies and pitch consultants to support. The objective being to significantly reduce the number and scale of pitches, particularly for smaller, project work.

It is equally important that agencies follow a set of guiding principles in a manner that is professional, equitable and respectful of the client marketer and the pitch consultant managing a process.

For **MARKETERS** those principles are:

1. **Be more mindful and informed about WHY PITCH?**
2. **Provide CLARITY on budget and size of the prize.**
3. **Provide a BRIEF that clearly defines, and keeps to a minimum, any required outputs in a pitch.**
4. **Dedicate TIME to the process and give comprehensive feedback.**
5. **CHAMPION fair and equitable commercial terms.**
6. **RESPECT the agency's IP and the VALUE they bring to your organisation.**

For **AGENCIES** those principles are:

1. **PROMOTE the Charter for Agency Selection to all stakeholders.**
2. **PROTECT your IP, business sustainability and the wellbeing of your workforce.**
3. **RESPECT the process.**
4. **Demonstrate confidence in the VALUE of your expertise.**
5. **Include the REAL TEAM.**
6. **Accept feedback GRACEFULLY.**



5. Guiding Principles for Marketers

1. Be more mindful and informed about WHY PITCH?

Client marketers are asked to focus effort on assessing qualifications & credentials against core needs. There are three different ways to approach Agency Selection, two of which avoid a pitch:

a) PROFILE

Similar to hiring an architect, engineer or coach, assess agencies based on five Cs: Credentials, Capabilities, Chemistry, Culture and Client references against client specific needs. Managed properly, this process should provide enough insight and reassurance to appoint, especially if the work is project-based or agency revenue is projected to be under €300,000.

b) PROJECT

To experience an agency in action, engage them for a defined project to gauge compatibility e.g. strategic assessment, tactical campaign.

c) PITCH

If the first two phases are genuinely insufficient to assess and prove an agency's qualifications for a project or partnership, then you need to be clear about why you need to Pitch.

2. Provide CLARITY on budget and size of the prize.

Partnerships are built on clarity and transparency. Marketers are expected to:

- Specify whether the appointment is for a project or a panel.
- Disclose how many agencies are being considered at each stage of selection.

- Declare the Contract Term as well as indicative annual/project budget upfront and, where available, the estimated percentage split between agency fees / media / production.
- Provide a sample scope of work and your standard contract terms; this allows shortlisted agencies to assess if they can profitably service your business.

3. Provide a BRIEF that clearly defines, and keeps to a minimum, any required outputs.

Please provide as much business context as possible so that the agencies really understand your business objectives which helps to strengthen and tailor their response.

The onus is on the Marketer to manage their internal stakeholders without the agency having to provide specific creative executions for each product, service, or division with their organisation.

Despite these many stakeholders within the client business, a creative ask within a pitch framework should be confined to one brief. The exception is when different lots within the one business can be assigned to different winning agencies.

Ensure that you define exactly what you mean at each stage of the brief. e.g. What do you expect from the agencies within a Chemistry meeting, or a Tissue meeting?



4. Dedicate TIME to the process.

Running an agency selection process needs dedicated time and effort from the most senior marketer and their entire team as well as procurement.

Speculative creative concepts developed in compressed timelines will require strong client collaboration to effectively prove how an agency naturally interacts with clients' brand.

The more time dedicated to meeting and collaborating with the agency during the process, the better equipped the client will be to qualify the agency's level of engagement and the impact that they will deliver as a strategic partner.

Provide comprehensive feedback after each stage of the process in a fair and constructive manner.

Ask the participating agencies for feedback on the process and accept this feedback graciously.

5. CHAMPION fair and equitable commercial terms

Advertising is no different from any other business - the seller should set the price and be willing to negotiate based on the scope of services.

Agencies normally operate on 30-day payment terms. Anything over this can have a significant impact on agency cash flow to pay their staff, suppliers, and contractors.

Encourage and negotiate fair trading terms.

6. RESPECT the agency's IP and the VALUE they bring to your organisation.

An ethical and professional partnership is born from respect. Asking for extensive free consulting services as part of selection undermines this premise.

Offering a commensurate fee is recommended as it demonstrates your respect for the effort required in pitching, and the strategic value of this advice.

Where there's no budget to pay pitch fees, focus selection on a robust PROFILE phase using the 5Cs: Credentials, Capabilities, Chemistry, Culture, and Client references. These provide reliable proof of an agency's ability and approach.

While agencies may share their methodologies and occasionally offer strategic and creative advice as part of the selection process, IP ownership should only be assigned when it is paid for on mutually agreed terms. Please honour this professional standard.



6. Guiding Principles for Agencies

1. PROMOTE this Charter for Agency Selection to all stakeholders.

Educate and inform client marketers, pitch consultants and your workforce of this Charter and its Guiding Principles.

Immediately inform the client marketer /pitch consultant **and IAPI** if you are invited to take part in a process that does not follow the guiding principles and respectfully request an adjustment.

2. PROTECT your IP, business sustainability and the wellbeing of your workforce.

The health and safety of agency staff is your responsibility. Avoid putting your team under extra pressure to over-deliver on outputs during any selection process – stick to the ask contained in the brief.

Remember, you do not have to take part in a competitive tender and should only do so if you can manage the additional workload in a manner that respects the wellbeing of your workforce.

Agencies providing strategic advice, creative concepts and executions should make an explicit statement regarding IP ownership in any documents/presentations provided as part of the process.

3. RESPECT the process

Please bear in mind that you will not always be privy to business context behind a specific pitch brief. If you fundamentally disagree with the approach the organisation is taking, then you need to consider whether you should participate.

You are also encouraged to respectfully decline invitations to take part in processes that fall outside of the Guiding Principles.

If you are asked to participate in a pitch process that follows these Guiding Principles then you will be expected, in turn, to respect the process and deliver the ask contained in the brief, demonstrating a unique perspective that best showcases your agency's skills.

(While this Charter is specifically designed for the private sector, the principles contained in this can be applied to Government and Semi-State bodies. However, for public sector bodies, it is important that agencies understand the timelines involved when pitching for government contracts to support the adherence to procurement rules and guidelines.)



4. Demonstrate confidence in the VALUE of your expertise

It is not common practice yet to provide a commensurate fee for a pitch. However, always ask for a fee to cover the effort and strategic value of advice required in a pitch process, as it demonstrates your confidence in the value of your expertise even if no fee is forthcoming. Over time, we aim for this to become more common practice.

Where there's no budget to pay pitch fees, ask the client to consider a robust PROFILE phase using the 5Cs: Credentials, Capabilities, Chemistry, Culture, and Client references. These provide reliable proof of your ability and approach.

Price the contract services on a sustainable basis that is a fair price for the team required to work on the business. Avoid racing to the bottom on price.

Where appropriate build annual increases based on current inflation rates into the cost structure to ensure the long-term viability of the contract for your agency.

Where appropriate, build in risk/reward pricing structure into the contract.

5. Include the REAL TEAM

Manage client expectations by showcasing the talent that will be actively running the account. If you intend to recruit in talent to run the business, should you be successful, this needs to be clarified in the pitch.

Provide clarity on the pitch team roles on the account and the amount of time you have allocated to each within the proposed budget.

If you are planning to outsource important aspects of the required services, please clarify this in your proposal.

6. Accept and provide feedback GRACEFULLY

When feedback is provided that is comprehensive and fair, respect the process and accept it gracefully.

In turn, when providing feedback to the client organisation on the process, please do so in a fair and constructive manner.



7. Participating Brands, Agencies and Consultants

The following brands, consultants and agencies have agreed to support the guiding principles contained with this **IAPI Charter for Creative Agency Selection**, that commit the Irish marketing and advertising industry to a fair, equitable, and sustainable process.

If you would like your brand or agency to be a named supporter of this Charter, please contact charley@iapi.com.

