



new business best practice
the search for an objective understanding

New Business Best Practice – The Search For An Objective Understanding

Introduction

The Intelligent New Business Group, which Pearlfinders is part of, first undertook a major survey into proactive new business best practice in 2002.. We have endeavored since then, to keep the findings up to date by conducting smaller samples each year of U.S. and European marketing decision-maker opinion.

However, in the latter part of 2007, some indicators suggested more significant change was on the horizon, and so it was decided to pay a wholesale revisit to the decision-makers on a wide variety of topics.

It's highly likely, if you've been in new business for any length of time, that many of the findings below won't be new – the majority wasn't for us. However what we found especially critical was that while the advice of the decision-makers was simple – and in a couple of areas almost unanimous – clearly, there's still much room for improvement.

Method

This year, rather than polling brand decision-makers on the questions *we* wanted to find out the answers to, which unavoidably steers the outcomes, we instead asked a representative sample of agencies for the questions that *they* would like to put to them instead. These agencies are listed below.

Then, in order to guarantee a qualitative outcome for the research on these questions with the decision-makers, we elected not to mass-email them multiple-choice options, but to access them by telephone and put the questions directly to them. The result was that we were able to explore the subjects with them in free-flowing conversation, which we documented as we went.

In total, we spoke in-depth with 52 key decision-makers, who provided detailed responses to on average 10 of our questions each, which in turn gave over 500 responses in total to the questions posed. This activity was carried out between January and March 2008.

Agencies putting the questions included: -

1	iris	5	Que Pasa
2	Marvelous Mobile	6	Landor
3	Simpson Carpenter	7	Planet
4	EHS Brann Discovery	8	Marketing Supply Chain

We spoke to 52 senior decision-makers at organizations including: -

1	Disney	5	General Motors
2	Kimberly-Clark	6	Tesco
3	Kraft Foods	7	GlaxoSmithKline
4	Sony	8	InterContinental Hotels

We have grouped their responses into the following series of topics: -

1	Procurement	5	Pitches
2	Spend	6	Review Triggers
3	Agency Marketing	7	Challenges & Business Issues
4	Initial Meetings		

1. On procurement...

The grip of the procurement discipline within large organizations is very much here to stay, and in many cases the role is either already significant, or growing in significance.

There's agreement that agencies need to talk differently to procurement than to the marketing team – unsurprisingly, procurement is more about the 'hygiene factors', cost and ROI guarantees, while the marketing team is more interested in ideas and the chemistry.

In the majority of cases procurement people aren't actually decision-makers, but support the decision-making process. And although one person stated that procurement gets in the way of his own decision-making, most people surveyed welcomed their input.

"I think procurement's role is really important. It helps to distance me from simply making a choice based on chemistry, and ensures that we take a more analytical view of performance and ROI. They're also better at striking deals than the marketing department."

"Procurement's involvement is important – although the last time they were involved in a review, I got the impression that the agency we chose wasn't really happy having to deal with procurement."

Of those interviewed, although a handful of smaller organizations didn't have a procurement department, at the larger organizations, only one interviewee did not.

Within those with procurement: -

- 42% of marketing decision-makers feel that procurement's main function is to ensure the agency has sound foundations and is cost effective – but with no real input in creative buying decisions

- 33% of marketing decision-makers were very positive about procurement

"In my experience, they're good people and savvy about the industry"

- 33% said procurement only gets involved once marketing has confirmed an interest in a particular agency, and it doesn't actually drive the appointment

"I'm reassured by procurement's involvement on many levels, although I don't think they really have the expertise in my field that I get from the likes of the AAR."

- 25% felt that procurement plays a major role in the agency review process

- 17% said the role of procurement is growing

"My advice is to focus all your creativity and ideation on the marketing department, and simply make sure procurement is aware that you're financially sound."

- Just one person we spoke with was negative about procurement's role

Of the procurement people we spoke with, there was total consensus: -

- They see their role to ensure that marketing makes sound choices
- They believe the role of procurement is growing as they have demonstrated that they deliver value via a more objective view of the marketplace

"More and more organisations are increasing procurement's influence because we're able to look at the marketplace more objectively than the creative team."

Based on these findings, our top recommendations are: -

- Don't ignore procurement and hope they'll go away!
- Don't dumb down your approach for their benefit – they're increasingly savvy about marketing and creative services
- Do ensure you focus on evidence of your solid foundations and excellent ROI when approaching procurement
- Each organization differs – so enquire in the early stages of contact about what role procurement plays versus marketing, and what stage they might get involved in the process - and tailor your approach accordingly

2. On spend, value for money and ROI...

Although most interviewees within the marketing and creative teams acknowledged that ROI is important, there was very little consensus on what that actually means and many gave rather intangible criteria to what we assumed would be a black and white subject.

Setting pre-agreed targets seems to be the clearest way, but these targets vary considerably and are rarely linked specifically to sales, the exception being with the media companies.

“My definition of value for money is an agency spending my money as if it were their own.”

“The only reason I try to measure ROI is to justify to my colleagues how effective PR is”

Some even suggested they were skeptical about agencies that have devoted an awful lot of time and effort to demonstrating how their activity specifically improves sales, as the 'ripple effect' is one of those things that is very hard to quantify precisely.

Amongst marketing & creative teams, value for money is delivered via: -

- The achievement of pre-agreed targets – 29%
- When the agency had good chemistry with them or is considered to be an important part of the internal team – 14%

“It goes in their favour if an agency is willing to put targets against what they do”

“Value for money is all about the agency being part of the team, and prepared to collaborate with my entire team and any other agencies I might work with.”

- A proactive team - 14%
- A sound understanding of the brand - 14%
- A collaborative approach when it comes to other agencies - 10%

- Just half felt that ROI was generally good, with a third saying that levels of value for money had been mixed in the last year, and 16% saying that there was plenty of room for improvement across the board
- Of the marketing decision-makers, only a handful was prepared to comment on spend, and most of these reporting no change currently. Just one person questioned reported smaller budgets this year than last.
- 14% said that spend was the same but allocated differently, with more going online than in previous years

Unsurprisingly, procurement was more specific on the topic: -

- 100% said that the looming economic concerns had given rise to a tightening of spend
- 72% have developed or are developing stricter criteria for ensuring agencies deliver good levels of ROI

"If I see a way to get the same ROI, but spending £100k less than the marketing team is proposing to, then it's a no-brainer, isn't it?"

3. On agency approaches...

This is a really clear one. Agencies need to be significantly more tailored in how they approach things. Decision-makers hate cold approaches – but only if they're generic. Most of those asked said that they have been known to respond positively to approaches that stand out from the crowd.

The key to standing out is overwhelmingly to do with demonstrating that you've done your homework. Either having insights into their sector, having reviewed them amongst their competition or applying what's going on in the industry to their approach is going to make a big difference.

"The vast majority of cold calls make me feel as though I'm just the next person on the list, and they don't show any real understanding of who we are and what we do."

Our interviewees are impressed by:

"Anyone who shows that they've tried to understand my business and key issues definitely gets a better reception."

- Agencies that have thought about a really tailored approach: 75% – cold or otherwise, tailoring an approach is far and away the biggest clincher
- And on the same theme, agencies that use current media/industry issues in their approach: 11%

"I love to see an agency taking time to get to know me and my business, sending regular updates rather than just a one-off mailer."

- Specific ideas for their brand: 25%
- Positive word of mouth: 17%
- Relevant past exp. /case studies: 37%

- An innovative or creative approach: 14%
- Clarity of offer in terms of differentiation from competition/areas they specialize in etc: 14%
- Demonstration of commercial awareness/ case for ROI: 11%
- Flexibility of approach: 6%

"So many agencies merge into one in my mind – a clear offer that's differentiated or shows an area of genuine specialism is a real plus for me."

Most were even more emphatic about their dislikes, many of which are in a similar vein: -

- The majority (58%) said that their top turn-off was agencies that haven't done their homework or who take a generic approach
- This is closely followed by arrogant or pushy sales people who put forward a sales pitch but show no empathy or don't listen – 56%

"I don't like the business development person in an agency calling me regularly, trying again and again like they are trying to wear me down in a campaign of attrition until they get a result. I'm receptive to agencies contacting me to research and keep up to date with the situation, but there's a fine line that borders on pestering..."

"So many agencies push for a meeting without giving me any real sense of why it would be worthwhile."

"I can't bear it when an agency tries to tell me what I should be doing with my business. Their approach should be bespoke to me, but I don't want to feel like I'm not in the driving seat."

Other less frequently mentioned bugbears include: -

- Creativity without showing an understanding of commercial context: 5%
- Weak case studies – saying you really know a sector but not being able to back it up: 8%
- High staff turnover: 5%

Our findings on agency PR were unexpected. In previous years, less than 5% of decision-makers had ever mentioned that PR was something they valued. But in 2008, the picture has changed with: -

- 63% reporting that agency PR positively inclines them to that agency...
- And a further 18% indicating that it's actually a key clincher in terms of their decision-making

"I really like agency PR, although it needs to be done regularly to really get cut through. If I see something I like in the press, I've been known to contact the agency directly to find out more."

Some do's and don'ts...

Based on all this (and forgive us if we're preaching to the converted), we'd recommend: -

- Do plan your new business activity in depth – ensure you're focusing on sectors where there's a good fit between their challenges and your expertise
- Do your homework – research the marketplace, check the press for major changes in the company you're approaching, or sector issues – and ensure you reference them in your approach
- Don't think that one mailer a year makes a proactive new business program – it's all about building up relationships over the long-haul
- Do consider all aspects of the marketing mix – PR, DM, events etc.

And above all...

- Don't rely on a generic, one-size-fits-all approach – and avoid scripts like the plague!

4. On initial meetings and creds presentations...

While chemistry is always going to be a critical factor, the most frequently mentioned thing that decision-makers want to see in creds meetings is an understanding of their business – 60% of those questioned said that this was the most important issue for them.

Overall PowerPoint and presentations that focus on facts and figures rather than ideas and solutions don't go down well.

Many complained about how agency creds have started to all look the same, and several said that they'd actually prefer a discussion to a presentation.

"By the time it gets to a meeting, I'd hope we would have dealt with the basic facts and figures, so I expect the meeting to be innovative and engaging – and to focus on what we could do together."

"I often ask myself whether the agency would give that exact presentation to another client – and if the answer's 'yes', they won't win the business."

"So many creds are really similar, so one or two unique points make a real difference."

Chemistry was the next most important factor (47% cited this) and other less frequently mentioned factors include honesty about their skill set, proof that the agency can deliver on its promises, and research done into their sector.

Of those who commented on the quality of agency creds:

- 50% said that quality varied considerably ("Some are dreadful!")
- 33% were very anti PowerPoint, preferring briefer, more succinct summaries
- 50% advised agencies to steer well clear of 'dull facts and figures' about the company and client list.

"I just don't really care about the ins and outs of loads of other clients – creds presentations need to be more relevant and show they've been thinking about my specific issues."

5. On the pitch itself...

There's a feeling within the agency world that pitch lists are getting bigger – and although some decision-makers reported a small increase, the majority of pitches comprise around 4 or 5 agencies – actually no larger than in previous years that we've done the survey. And certainly no one was prepared to admit to a list larger than 6.

"Pitch lists are getting bigger because the marketplace is so fragmented now. We usually have 5 now, but I'd prefer 4 as it can get a bit out of hand."

"We'd only ever get 3 agencies in, as we don't want to get a bad reputation for wasting people's time."

"Challenging a brief for its own sake is a real turn off. We spend a long time developing our briefs, so to dismiss it without a very good reason is really irritating."

Challenging a brief should only be done with caution – and a very good reason.

Many reported irritation with agencies challenging their brief seemingly for the sake of it.

That said, if you see an opportunity, and can justify your thinking, it's worth the risk.

"Challenging a brief is important, as long as it's for the right reasons. I want agencies to be the experts, so that means taking an idea and running with it."

So what makes a successful pitch?

- 28% said that the decision tends to come down to gut instinct pretty early on
- A further 28% said that demonstration of understanding of their business or a tailored approach are critical factors for success

"We all like to think we're not influenced by the little factors, but that's b***! No matter how logical you try to be, it really is the little things that count."**

- 22% referenced cost (but most countered it, saying it's not about getting the cheapest. E.g. "I want to see that an agency's ideas are realistic in light of our budgets")

Other less frequently mentioned factors include: -

- Size of the agency (not too small, but not so big that they wouldn't be an important client)
- Only a handful cite chemistry – which is significantly lower than in previous years
- Energy and enthusiasm!

"Size of agency is important – we want to know we'd be getting the right share of voice from a supplier."

6. On what prompts a review...

So we know now what we need to do when opportunities arise. But what about the triggers that prompt a review in the first place?

The overwhelming factor prompting a review is if quality standards drop – 76% of respondents cited this.

The other major influencer is internal change, or a change in decision-maker, with 43% saying that this is likely to bring about a change in their agency set up.

“I hate agencies that stay in their comfort zone – creatively or strategically.”

So our advice is clear -

“Sometimes bigger agencies take their eye off the ball – or just stop ‘getting it’.”

Keep your ear to the ground in terms of your key wish list companies. Keep on top of their output – if there are areas you feel you could add value, make a tailored approach. And if you spot in the press that there’s some movement at a senior level, or corporate change afoot, factor this into your approach.

7. On key challenges...

Lastly, we asked about their key challenges – and found a surprising lack of consensus. Almost all of the responses were very different, including:

- Green issues
- Retaining their customers!
- Convergence of media – online/TV/mobile etc
- Cost control
- Balancing global and domestic agendas
- Keeping ahead of the competition
- Making sure high street and internet activity is in synch

“We have global as well as domestic issues and need to focus on different channels of trade, which are constantly changing.”

“In light of the economic downturn, cost control has become a major priority.”

“Everyone converging in the same space is becoming more and more of an issue.”

- Driving better brand awareness
- Up-selling
- Making the most of creative ideas

The absence of agreement about challenges and issues faced is a clear indicator of the importance of direct conversations with the decision-makers. You will certainly be able to hazard an intelligent guess as to their current agenda, but there’s really no substitute for picking up the phone and finding out first hand.

So in conclusion...

Initially when we completed the research program, we were disappointed to find that many of the messages from decision-makers are still focused on the poor quality of many of the new business approaches they receive.

We anticipate that much of this is information that you are, broadly speaking, already aware of.

However, clearly, there is still a major opportunity – and our research proves that the agencies that put time into tailoring their approaches for prospective clients are the ones who most frequently win business.

Decision-makers don’t have the time to go through all the approaches that come their way – it’s our responsibility as new business people to give them a reason to take notice and make it easy for them to buy into what we’re saying.

You might get lucky with a scattergun approach – but for ongoing new business success, there really is no substitute for a tailored, relevant and intelligent new business approach.

If you'd be interested in finding out more about how Rainmaker or its sister companies Pearlfinders and Blossom could help you in doing just this, we'd be delighted to discuss things further.

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