

# New trend of agency consultants in Asia

ONE of the biggest trends in overseas markets, agency consultants, has now come to Asia. Sledgehammer recently caught up the R3 team, former head of Draft Asia Pacific, Greg Paull and Goh Shu Fen, the former New Business Director of M&C Saatchi, Singapore, to find out more about this new business of agency consultants.

**S:** This is a new idea for Asia what's the background to R3? Which markets do you cover and who are on your team?

**G:** Yes, were starting a new category, but advisors to marketers on agencies have been very active in the US and Europe for over 30 years now. Today in the US, over 50 per cent of all agency pitches use a consultant to ensure transparency, to identify the best possible partners from a wider knowledge bank, and to offer independent advice in fee negotiations. A group of us see great potential in offering this service in Asia for the first time. My partner in Singapore is Goh Shu Fen who has been successfully driving new business at M&C Saatchi for the last six years and she really understands how to create a client-agency relationship that endures. Our base will be with support staff in Singapore and Malaysia, but we've both had experience working throughout the region. We're building an intelligent database on every agency in all key Asian markets.

**S:** Why the name R3? Sounds like a new droid from Star Wars?

**SF:** Not that I know of. Basically, were offering marketers three core services for working with their agencies Relationship, Remuneration and Review consulting.

**S:** How well tested are your tools and processes?

**G:** The first thing we did was to sit down with the best consultancies in the US and Europe and establish them as equity partners in our business. Our US partner, Jones Lundin Beals has been around since 1972 and managed relationships for HP, Audi, United Airlines, VISA and the US Government and its agencies. Our European partner has worked closely with Ericsson, Microsoft, Shell, AXA and P&G - so we have the battle-hardened tools we need to hit the ground running.

**S:** Is this the first of this type of consultancy in the region? **G:** The Agency Register service has been here before, but its a different business to ours as it looks

to source fees from clients and agencies. We work exclusively with clients and therefore remain fiercely independent. We also deliver a far more complete service, managing the review process and compensation as well as following up to ensure the relationship is working.

**S:** What type of clients will you look to work with here in Asia? Will the US strategy of forging relationships with industry competitors be any different in Asia?

**SF:** Just like agencies, we won't handle two clients in the same category. But given that a number of relationships are on a project basis (to put a new fee proposal in place, to appoint a new agency, etc) the rule for our US partner is not to work with a competitor in the category for at least six months after ending a project. This also makes sense for Asia. One interesting piece of learning from overseas is that this service is not for unprofessional clients who don't know better. Instead, it attracts the best marketing companies those that value their time and welcome the added expertise and fresh perspectives. The government sector is also a major user to ensure a greater impartiality.

**S:** Your US partner, Jones Lundin Beals, encourages agencies to share information, including details of clients and accounts. How will R3 go about securing this information?

**G:** There's often a misconception that consultants are not a positive factor for agencies. In both the US and Europe, however, the reverse has proved to be true. Consultants are now often one of the agency's best new business sources, as well as helping to achieve fair and equitable compensation. A large part of our role is helping marketers better understand how agencies get remunerated and how to put in place appropriate Payment by Results (PBR) components.

**S:** What is your main contribution to the agency search and selection process? What's different when you are involved then, say, if a client was to go it alone?

**G:** We see four key areas of value where we can help: Firstly, knowledge and expertise. The average marketing director manages around four or five agency reviews in his lifetime. In 30 years, our US partner has managed over 1,000 pitches. This leads to the second value area: Process improvement. We use a clear and organised system for

any agency review or relationship review that's fair and efficient and doesn't waste anyone's time. The third area is independence. Often in our relationship management process, we uncover some truths that just would not have come out if the two parties themselves reviewed their way of working. And finally, compensation. While we never promise only to lower agency fees, what we will do is help to make sense of those fees and to ensure a client gets the best possible people on their business, and the agency feels motivated to contribute.

**S:** When it comes to compensation, can R3 apply some of the same sort of negotiation methods used in the US to this market?

**SF:** Our US partner leads the industry in compensation assignments. They've written two books on the subject for the Advertisers Association, and we'll be using these as a benchmark here. Today, over 68 per cent of US marketers work with their agency on a labour based fee, and almost 50 per cent have an incentive component as part of this. Asia is certainly moving in this direction, and we'll be playing an active role with industry bodies to show the benefits of a more direct method of remuneration.

**S:** What exactly are Agency Relationship Management Tools, and how does R3 intend to affect positive change within the structure of agency/client relationship?

**SF:** The tools involve questionnaires, benchmarking, financial models and intuition built up over time to ensure agency relationships are productive and effective. "Too many evaluations done without the tools are just reflective, not forward looking and goal setting. If these tools are successful, they might put our Review Consultancy practice out of business.

**S:** Are all three of your principal areas of consultancy tied together? Can they be separated? What is the typical process for identifying a client's needs?

**G:** This may sound corny, but the process actually begins by listening. No relationship is ever perfect. We believe that most relationships can be saved with win-win compensation, the right incentives and a better ongoing analysis of the partnership. Of course, the trend all over the world now is to find specialists in the areas of media, direct, promotions and PR and obviously our tools work equally well in these areas as well.