

THE BUFFET VS THE TAXI METER

Here we talk about the ultimate dilemma of our business for the next 5-10 years – or at least until something more meaningful than fees come along. Because on a fee basis, every client and agency we talk to has to confront the same challenge.

The agencies tell us “Clients have to realise fees are not an all you can eat \$30 buffet. Some of them think they are Homer Simpson and “All you can eat” becomes some sort of mission”. The mindset here is simple – I’m paying you a fee, therefore you should be there for me to work.

The clients tell us “Agencies have to realise fees are not a taxi meter. Some of them think they are on a long distance ride and whatever time they spend in anything remotely associated with client business becomes somehow ‘chargeable’”. The mindset here is simple – you’re paying me a fee based on every hour that we work.

Did somebody say “Bring back commissions”?

Working with agencies on a fee basis opens an awkward can of worms that some clients and agencies cannot easily face. It all really comes down to one (or two) simple questions – “How much do I pay for an idea?” and “How long *should* it take to crack an idea?” Our European office shared with us recently it took the Guinness agency a full 12 months to crack it. Most Asian clients prefer to aim for 12 days. When we run training with clients, not only do we make them attempt to come up with ads at the end of a long day (the results range from astounding to abysmal), we stress the importance of a great brief and nurturing the idea. Without this, time is immaterial.

So what are the basic ground rules to make this ‘fee-craziness’ work?

1. It starts and ends with expectations

Without a clear scope that goes deeply into all the projects and the specific elements of each project, a fee agreement is doomed before it starts. Of course, whatever is planned will change, but the point is , its planned and costed , so benchmarks are set .

2. Agree how long is a piece of string

It's crucial you need to agree together how long a project will take, depending on its requirements. Strategic ones will take longer than tactical ones. Integrated ones will take longer than single media ones. You need to agree and set parameters. If the agency can complete the task in less time, good for them. If it takes longer, then its time for negotiations, discussions and post mortems.

3. See you in 90 days

We usually ensure client and agency sit down every quarter and review this. A fee ultimately is a negotiation and discussion, not an enforcement or a gravy train. It needs monitoring, benchmarking and improvement.

This may seem daunting. Excessive. Adding hours. We find the opposite. The 4-6 weeks that is spent at the start of the year resolves the hours and hours and hours of middle management negotiation on every single estimate over concept fees and artwork hours.

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