



# Media Agency Selection Principles

DECEMBER 2025

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Building better relationships that  
deliver better outcomes



Commercial  
Communications  
Council

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# Introduction

**Pitching is an established practice in the marketing industry for advertisers to review their agency relationships and ensure they have the best strategies, ideas, capabilities, and prices to meet their needs.**

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Nevertheless, in recent years, scrutiny of the pitch process has increased as both advertisers and agencies identify flaws in certain aspects of the process. To address concerns by both sides, the Comms Council and ANZA have partnered to provide members and the broader industry with best practice principles and guidelines on successful tendering, specific to Media Agency Selection, summarised in this document.

It is our goal to establish a best practice standard and to provide tools and clear, practical steps to follow.

We believe a cross-industry, collaboratively created set of guidelines that both parties can use to optimise the process will improve the experience of establishing productive partnerships.

A successful tender is a key factor in maintaining effective client-agency relationships.

The tendering process is a significant undertaking for all parties. For agencies, it requires a sharing of valuable strategic IP and a substantial commitment of time and resources to participate, often without compensation.

For advertisers, tendering often involves more time than anticipated and requires the participation of several stakeholders leading to a final decision.

In addition, the process can at times be inefficient and ineffective, diverting significant time and resources for all participants, which can ultimately deliver poor outcomes.

Tendering has been slow to recognise that media prowess has evolved from being 'buying or cost-led' to that of a value creation discipline.

The practices and guidelines in this document are described from an advertiser perspective, recognising that tenders are advertiser-led.

It's important to note that these guidelines have been developed primarily with media agencies in mind, given media's complexity and the investment involved. While they can be applicable to all client-agency partnerships,

media pitches have bespoke requirements (outlined in this document) that do not apply to creative pitches.

It should also not be overlooked that these are, ultimately, commercial relationships – different parties will have different versions of what value means to their business and as such this document has not set out to define “value” or make a statement on specifically which business model(s) are the “best value” for advertisers.

The guide has been developed by a team of subject matter experts from the Comms Council. Much of the work is drawn from the excellent prior work developed by the MFA and AANA in Australia. In addition, we have borrowed from the work done by VoxComm and World Federation of Advertisers in the Agency Selection Guiding Principles document published in June 2025.

This document never intends to be the final or definitive version of best practice guidelines. The industry is constantly evolving and so this guidance will be updated regularly.

# Pitching Best Practices: Principles

We believe that a more effective outcome is achieved when the tendering process is a positive experience for all participants.

We believe this is possible when four core principles are followed.

The advertiser sets the tone for this experience because they lead the tendering process. Therefore, it's important that the advertiser demonstrates the right values and behaviours from the outset for all parties to follow.

## 01

### Respect

Showing professional respect for each other, the confidentiality of the process and information shared, and the time, and effort and work created, generates trust and confidence in the process itself and leads to a positive experience for every person involved.

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## 02

### Fairness

Being objective and impartial throughout negates claims of favouritism or bias, conscious or otherwise. Advertisers need to be aware of the interests of all parties and ensure they are reasonable in their expectations.

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## 03

### Transparency

The tendering process should be open and visible, and the decision-making criteria clearly communicated.

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## 04

### Accountability

Who is responsible and accountable for what and when needs to be clearly established and communicated at the beginning of the tendering process. It's important to identify where decision rights sit and to ensure accountability for decisions made and timelines delivered.

**In cascading these principles into practice, consider the following:**

Ensuring the process is clear, timely & well structured to deliver a professional experience for all participants.

Develop a behaviour charter, established at the start of the process, detailing items such as evaluation criteria, confidentiality expectations, feedback mechanisms, approach to pitching fees and ownership of IP.

Acknowledge that every advertiser-agency relationship is unique. Recognise that both advertisers' and media agencies' needs run across a spectrum of different operating models and that one standard approach will not work for all.

Balance transparency in marketing value chain with fairness in agency remuneration. We advocate for transparency and identifying value in the media and creative content supply

chains. When assessing fees, advertisers and agencies should determine the level of transparency that is right for the advertiser's business and ensure the fee arrangement includes a trade-off between those transparency needs and pricing.

Remember value is more important than cost. One-dimensional tendering on cost alone is unlikely to generate sustainable value for either party. Value is created through quality and price, so adopting best practices to deliver better outcomes may cost more.

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**The ultimate test of whether you have successfully followed these principles are:**

Each party has identified a business partner they are motivated and excited to be working with, and;

For agencies unsuccessful in securing an advertiser's business this time, the tendering experience was such a positive one that they are keen to be included at the next opportunity.

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# The Pitching Process Guide

|            | PRE-SELECTION   | THE PROCESS  |  | TRANSITION  |  |  |
|------------|---|--|--|---|--|--|
| STAGES     | <b>01.</b><br>Should I pitch?   | <b>02.</b><br>Preparing to pitch   | <b>03.</b><br>Managing the process   | <b>04.</b><br>Making the decision   | <b>05.</b><br>Offboarding/Onboarding   | <b>06.</b><br>Cultivating strong relationships                                     |
| PRINCIPLES | 1. Analyse the current situation and future needs   | 2. Establish your parameters, priorities and decision-making criteria:<br>What are the objectives? What are the deliverables? What are the decision-making criteria? How many agencies do you intend to review? What is the budget?<br>3. Plan your schedule and resources effectively<br>4. Ensure full stakeholder alignment | 5. Brief all agencies clearly, concisely and consistently<br>6. Be upfront on the agencies invited<br>7. Refrain from disclosing confidential agency questions or your responses<br>8. Prioritise valuing the agencies' time and expertise | 9. Evaluate the evidence of expertise and experience<br>10. Commit to interviews and compatibility sessions<br>11. Negotiate with your preferred partner<br>12. Respect the agencies not selected | 13. Lead an efficient and positive transition  | 14. Set up the new partnership for success   |
| QUESTIONS  | Do I really need a new agency?<br>What are my alternatives?<br>Do I have all the information I need to make the decision to change or not change? | Have we invested enough time to prepare for as smooth and seamless selection as possible?<br>Do we have full stakeholder alignment ahead of briefing?  | Have we enabled the right stakeholder to lead the conversations across the selection?<br>Are we engaging our potential partners with trust, respect and openness?  | Are we engaging with the agencies in order of assessment?   | Have we acknowledged the contribution of our out-going partners?<br>Have we considered realistic timelines for transition and onboarding of teams? | Have we implemented a Relationship Management Programme to support the new agency? |

SECTION 01:

# Should I pitch?

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- 1.1 Deciding if you should or should not tender
- 1.2 Understanding the current contractual obligations
- 1.3 Considering alternatives to an agency pitch

01

# 1.1

## Deciding if you should or should not tender

**Before enacting a tender process, advertisers should be able to identify the key reasons for running a tender and they should consider exactly what pitching will mean to them.**

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### CONSIDERATIONS

Some of the key reasons for undertaking a tender may be:

- Required to by global/shareholders (e.g. need to review every x years; or global has a new roster and NZ needs to pitch between new and existing; or you are required to move to one of the roster agencies);
- Performance/relationship issues;
- Agency has resigned the business (e.g. working with a competitor);
- Test the market to see if incumbent is the best fit for the brand.

It should be noted that the final reason tends to get abused, as it typically becomes a procurement-led exercise to get more for less. In this case, we recommend advertisers explore other non-pitching options first, such as using an external consultant to conduct capability and process reviews.

**Advertisers may be able to evaluate the competitiveness of their incumbent relationship without resorting to a pitch, either by utilising two-way appraisal systems, working with an external consultant or simply doing desk-based market research. The reason for undertaking a tender will dictate whether you should consider “relationship counselling”.**

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#### **RECOMMENDATIONS**

Aside from understanding the overarching reason for the tender, it is important for an advertiser to consider whether you/your business has appetite for the following challenges a tender process poses.

Will the potential upside warrant these costs?

#### **Pitching can take several months;**

It requires a significant time commitment for everyone involved;

Disruption will undoubtedly occur in even the cleanest process;

If you do move, it could take another 3 months for transition and another indeterminate time period after that for bedding in;

Transitioning to a new agency partner can result in lost knowledge and IP;

Sorting out the relationship and staying put may result in a better outcome.

# 1.2

## Understanding the current contractual obligations

**Existing contracts must be checked to understand your rights and responsibilities.**

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### CONSIDERATIONS

Some of the key reasons for undertaking a tender may be:

- Does your current contract provision you to exit without cause?
- Is a mediation process required?
- What notice periods are required?
- Is the incumbent required on the tender list?

# 1.3

## Considering alternatives to an agency pitch

**Before commencing an agency tender process, it is recommended all opportunity is given to maximising the potential of the incumbent relationship.**

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- Are agency appraisals and performance evaluations conducted regularly?
- If not, has a performance evaluation been conducted prior to deciding to tender?
- Was an independent advisor used and was it a two-way appraisal?
- What do current and past appraisals indicate are the pain points? Can they be resolved without tendering?
- Is a strong in-house team keeping on top of agency performance (e.g. quarterly reviews, feedback surveys), contract renewals, extensions, etc?

## CONSIDERATIONS

It is important advertisers consider the elements of a great partnership to ensure they are set up for success. Great partnerships require input from both parties.

Adequately investing in the aspects of partnership outlined on this page may remove the need for a tender in the first place. At a minimum it will improve the likelihood of success for a new advertiser-agency partnership.

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### VALUE (COMMERCIAL-LED)

- Is the remuneration offered fair and commercially viable for the agency?
- Is the agency output driving strategic value as well as business outcomes?
- Is the agency contract up to date and equitable?
- Does your agreed agency scope of work and resource allocation match your needs?

### RELATIONSHIP

- What is the state of your team's relationships with their agency counterparts? Is it consistent at all levels and do you have a process to escalate and resolve issues objectively and fairly?
- What is the staff turnover level like on both sides?
- Do you share similar values and is there cultural alignment?

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### AGENCY CAPABILITY BEYOND PRICE

- Is the agency proactive or simply reactive to your demands?
- What is the quality of strategic thinking?
- Are the agency's processes, efficiency levels and ongoing training adequate?

### ADVERTISER CAPABILITY

- Does your team write quality briefs and provide clear expectations and feedback?
  - Are you and your team accessible and providing fair timelines?
  - Does your team have appropriate capability and training in media in order to fulfill their deliverables?
-

# Don't hesitate to have an open and honest conversation with an agency.

If there are issues with the relationship or the work, an agency would much rather engage in a tough conversation with a client than have an account put into review.

SECTION 02:

# Preparing to pitch

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- 2.1 Am I clear on the outcomes I want?
- 2.2 Are the outcomes I want realistic?
- 2.3 Which stakeholders do I need to consider?
- 2.4 Do I understand the cost implications of pitching?
- 2.5 Do I understand how my prospective partner(s) define 'value'?

02

# 2.1

## Am I clear on the outcomes (not just financial) I want from the tender process?

There are different reasons advertisers choose to hire a third-party agency for their marketing and advertising efforts. When it's time to evaluate or reassess, it's important to consider the original reasons for outsourcing, or not outsourcing the work in the first place. Marketers should clearly understand why they feel the need to review or possibly change their current arrangement.

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### CONSIDERATIONS

There are a range of reasons for tendering, some of the most common are outlined in the table below. Marketers considering pitching should make a prioritisation list and rank order importance.

| Intended outcome   | Considerations & Challenges   |
|--|---|
| I want/need to increase strategic thinking and/or capability                   | <p><b>What:</b> Increased focus on delivering audience and business outcomes with planning.</p> <p><b>Implication:</b> More expensive resourcing.</p>   |
| I want/need to increase better trading outcomes                                | <p><b>What:</b> Reduce cost and increase efficiency, making media budgets go further.</p> <p><b>Implication:</b> Focusing purely on price may result in less strategic planning and implementation approach to reach audiences.</p>   |
| I want/need to reduce my agency fees   | <p><b>What:</b> Reduced OpEx expenditure on fees could free up funding to be used on media buying or other marketing opportunities.</p> <p><b>Implication:</b> Reduced experience and capacity of agency resource and service delivery. Questionable sustainability for the agency.</p>                                 |
| I want to consolidate my business with an agency that can provide all my needs | <p><b>What:</b> Single point of contact creates efficiencies and ease. May also result in cost efficiencies.</p> <p><b>Implications:</b> Potential of reduced individual channel or skill set specialism may dilute output.</p>   |
| I want/need access to better tools and data                                    | <p><b>What:</b> Improved media strategy and media buying effectiveness. May also improve team efficiency.</p> <p><b>Implications:</b> More expensive agency fees and resource.</p>  |
| I want/need access to international learnings                                  | <p><b>What:</b> Enhanced media thinking through leveraging international learnings, content and strategies.</p> <p><b>Implications:</b> Reduced opportunity for advertiser to shape agency/tool set/methodology as part of a set network/international approach.</p>  |
| I want/need a team that is 100% dedicated to my account                        | <p><b>What:</b> Complete focus on account activities.</p> <p><b>Implications:</b> Biases arising from lack of breadth of experience. Increased agency talent churn as personnel seek broader experience for career progression.</p>   |
| I want a smaller or bigger agency. I want a global or an independent agency    | <p><b>What:</b> The ability to shape the agency approach to advertiser requirements with focus on experience, service and support.</p> <p><b>Implications:</b> Access to industry tools and databases. Ability to replace account staff quickly. Agency buying power and market leverage. Multi-faceted specialism.</p> |
| I want an agency that can advise me on broader business needs                  | <p><b>What:</b> Integrated solutions to address business problems and a deep staff roster to bring in specialist resources as needed.</p> <p><b>Implications:</b> Possible execution efficiency. Trade-off on specialism.</p>   |

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### RECOMMENDATIONS

A clear statement of intent should be developed to be shared with all parties as part of the initial briefing and referred to throughout the process. This intent statement should be included in the RFI / RFP document and be:

- Built up front in the process, not retroactively
  - Engage all relevant stakeholders to understand differing perspectives
  - Clearly articulated to all parties involved
  - Directly linked to the evaluation criteria to ensure consistency
  - Clearly articulate which parts of the marketing outsourcing is being put up for tender, and those which are not
-

# 2.2

## Are the outcomes I want from the tender process realistic?

**Before commencing an agency tender process, it is recommended all opportunity is given to maximising the potential of the incumbent relationship.**

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### CONSIDERATIONS

Some of the key questions to consider when assessing your desired outcomes are:

- Can you really afford a dedicated team?
- Can you really afford everything you want? Do you have too much in scope?
- Are the remuneration terms fair? Contract terms should be reasonable for both sides and reflect mutual benefit for both parties.
- Which capabilities will be required on a continuous basis and which capabilities on an ad hoc/irregular (out of scope) basis?
- Have you allowed enough transition time and are the requirements realistic?

### RECOMMENDATIONS

Are your expectations realistic? Sense-check expectations with the market: e.g., third-party pitch consultant, industry peers, existing agency partners and ANZA. Reassign priorities as required.

# 2.3

## Which stakeholders do I need to consider within the process?

To ensure the tender process can be conducted fairly – which in turn contributes to establishing an effective, long-term and healthy new relationship – it is important tender managers engage all relevant stakeholders with a clear plan.

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### CONSIDERATIONS

When building a stakeholder engagement plan, it is important to be clear with each on their:

- Roles and responsibilities
- Voting and veto rights
- Required timelines for input
- Involvement in strategic meetings
- Involvement in negotiations
- Requirement for future relationship with chosen agency

In addition, a point of contact person should be appointed from within the tender evaluation team. This person should not be the final decision maker but should have the capability to answer general questions around the tender, manage timelines as well as stakeholder availability.

It is not recommended to include other agency partners in the tender evaluation process as stakeholders or participants with voting rights, as there may be unclear conflicts of interest that would compromise the process.

However, advertisers may consider including input and counsel from within their agency 'village', e.g., to demonstrate the prospective agency's ability to work cohesively in the group.

### RECOMMENDATIONS

Depending on the size of the organisation, a list of stakeholders should be built into a RACI model such as below:

| CMO                               | Responsible | Accountable | Consulted | Informed |
|-----------------------------------|-------------|-------------|-----------|----------|
| Head of Media                     |             |             |           |          |
| CFO                               |             |             |           |          |
| CEO                               |             |             |           |          |
| Head of Sales                     |             |             |           |          |
| Procurement                       |             |             |           |          |
| Legal                             |             |             |           |          |
| Corporate Communications & PR     |             |             |           |          |
| Head of Advertising               |             |             |           |          |
| Marketing Managers / Heads / eCOM |             |             |           |          |
| CTO / IT                          |             |             |           |          |
| Global / Regional counterparts    |             |             |           |          |
| Digital / Media leads             |             |             |           |          |

# 2.4

## Do I understand the cost implications of pitching?

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**Aside from any overt / capital costs of running a tender process, such as employing a third-party consultant or paying for any transferred IP, it is also important for marketers considering pitching to scrutinise other unforeseen costs that may be incurred, both in the short and long term.**

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## CONSIDERATIONS

Before entering a tender process, advertisers should carefully assess all tangible and intangible costs that may result from both the processes itself and any subsequent change of agency partner. These may include:

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- The cost of running the pitch, such as changed resource deployment, considering all involved parts of the business
  - The incumbent agency may struggle with managing the day-to-day business as well as managing the pitch, resulting in a variety of issues such as missed deadlines, poor responses or poor implementation
  - An agency change may lead to a loss of key agency talent, IP and detailed (client) business and operational knowledge known by the incumbent
  - Typically, agencies have different media owner sales reps so there could also be a loss of continuity of knowledge here too
  - The cost of new agency on-boarding – e.g. time, resources etc
  - Potential lag in new agency recruitment – i.e. the time it takes to have a fully employed agency team either new to agency or fully transitioned off other agency clients
- In the case of TV / screens buying / optimal pre-approval is 13 weeks. Larger advertisers typically have a good operating rhythm with their agency to achieve this and significant agency change could put this at risk, resulting in loss of buying efficiency
  - Typically, bidding costs for SEM are optimised over time and a change in agency could result in bidding pricing being reset without any historic performance.
-

### RECOMMENDATIONS

- Spend time understanding the possible costs to the business through the tender process itself
- Understand potential medium-term impacts to channels arising from change of agency and build per-channel mitigation plans
- Be clear on timelines and expectations from the incumbent agency
- Consider costs associated with the handover process. There will be a period where two agencies are paid plus there will be additional resource needed to expedite the new agency learning the business.

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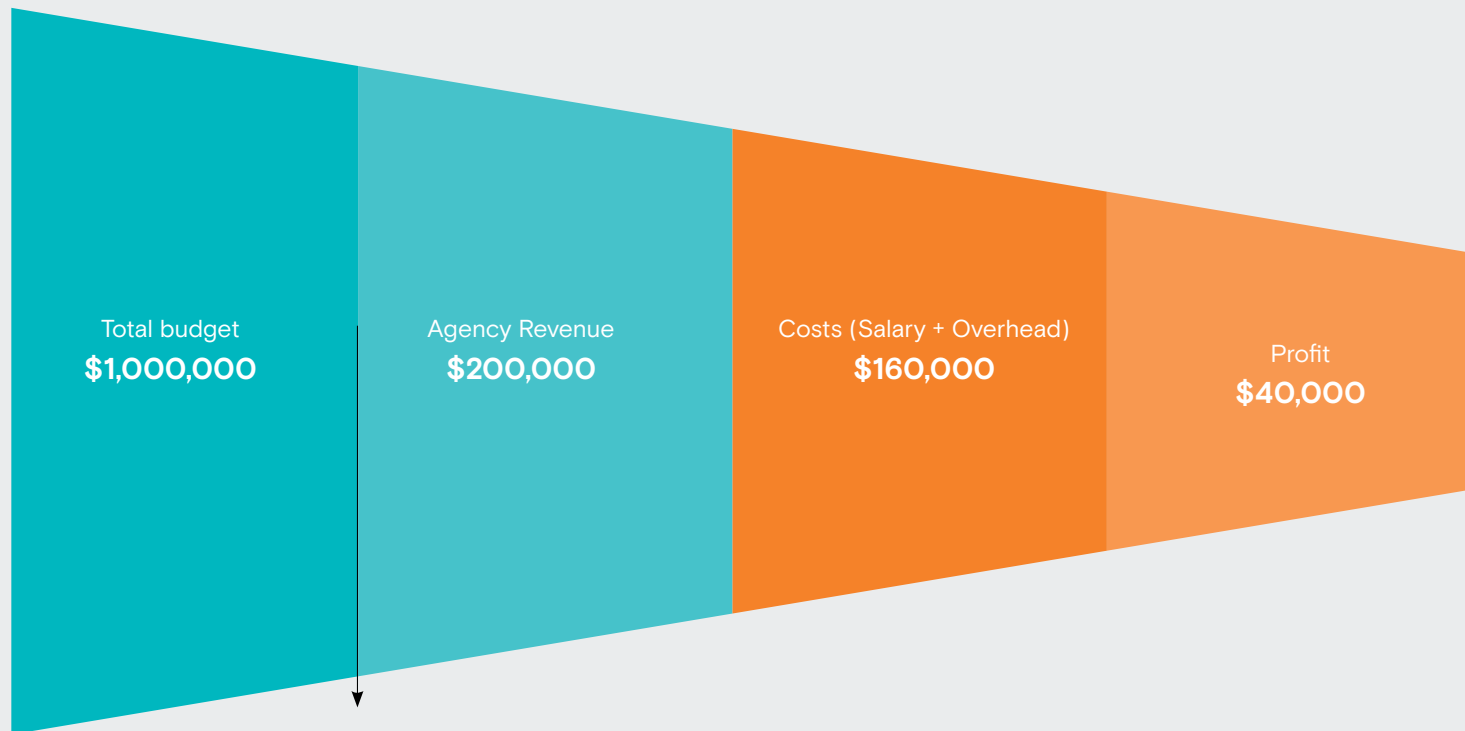
**Ensure that what you are asking prospective partners to deliver to win your business is proportionate to the value of that business.**

**One of the biggest challenges for agencies is when the resource requirements in responding to pitch requests exceeds the implied value of the contract.**

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Agencies pitching for business need to weigh up the effort required to participate against the potential profit attached to winning. This is a fraction of the total spend.

Understanding the true value to an agency of winning your business enables you to tailor your requests appropriately.



In this \$1m budget scenario, the majority of the budget are 'pass through' costs for media and production. The anticipated profit from winning the pitch is a fraction of the total budget.

Pass through costs for third-party media and production suppliers.

# 2.5

## Do I understand how my prospective partner(s) define value?

**While specific remuneration models are discussed in this document, it is also important to understand that the perceived “value” of a client relationship can be different for each agency. When considering the fair value relationship the advertiser can build as a result of the tender, you should also be cognisant of what the agency is looking to achieve from the relationship.**

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### CONSIDERATIONS

Some versions of “value” to agencies can be:

- Total revenue potential
- Fixed, committed revenue
- Margin
- Total media billings
- Complex and challenging campaign strategy requirements e.g. that may create the opportunity for award entries
- Blue-chip brands to add to their stable of brands / help win further work
- Brands which may help the development of agency services e.g. those with scaled CRM databases

### RECOMMENDATIONS

Understanding how your potential partner defines value and building a business relationship accordingly will help drive longevity to the relationship. It is important to regularly check that both parties continue to feel they are achieving close to their version of value and renegotiate as appropriate.

SECTION 03:

# Managing the process

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- 3.1** Select the right agencies
- 3.2** Ensure the process is as clear, structured, and easy to manage as possible
- 3.3** Understand what you can and cannot do with the outputs
- 3.4** If you're seeking cost comparisons, ensure they are comparable
- 3.5** Select the remuneration model that will set any future partnership up for success.

03

# 3.1

## Select the right agencies to invite to a tender process:

**Select the right agencies to invite to a tender process, ensuring all meet your core needs.**

### CONSIDERATIONS

- Which agencies do I need to avoid due to competitive conflict?
- If a Global / Regional business, are there any mandates on who to / not to work with or is there open access?
- Have I conducted desk research on the marketplace and remaining available agencies?
- Do I understand which agencies are brands within each Holding Company?
- Can I articulate what range of services I'm looking for as a guide to research the agencies that have a good reputation for those services e.g. strategy agency, full-service, tech build, CX, trading strength? (A pitch consultant can help narrow down choices.)
- Do I need a "wild card" agency that can remove biases / show a broader comparison?
- Do I need a network agency, or would stand-alone agency(ies) work for me? Does this matter to our business?
- Do I understand the varying services / capabilities of networked agencies vs. independents and what questions to pose?
- Do I understand potential (unconscious) biases associated with certain agencies? e.g. previous relationships (good and bad)
- Should I invite the incumbent agency?

### RECOMMENDATIONS

At this early stage in the process, it is important to suspend any form of judgement and not allow subjectivity to cloud views. When creating a list of agencies to invite, an advertiser should be looking for variety and a clear opportunity to show differentiated thinking and value, against a known list of constraints that you as an advertiser / business have to work within. Ensuring this is set from the start will reduce inefficiencies later in the process;

- It is recommended that incumbent agencies are always offered the chance to pitch, however, incumbents should not be invited to re-tender if there are insurmountable reasons that would prevent them from being successful in the tender. It is better to have a difficult conversation early with the incumbent in order to drive a productive and fair process for all parties, and this should be done before going to market to pitch. Advertisers should think carefully about the handling of their incumbent agency at this early stage, to ensure consistency through the tendering process;
- No more than 6 agencies should be invited for an RFI stage of which no more than 3 would be taken forward to an RFP.

# 3.2

**Manage the tender process effectively, to ensure it is as clear, structured, and easy to manage as possible.**

## Considerations to help you manage a better tender process:

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### RESOURCES

- How much time do I have to commit to the tender process?
- What is the timeframe that I have for the tender process?
- What internal resources can I commit to run the pitch?
- Should I appoint an external expert resource for guidance?
- Do I need to appoint a transition manager and if so, do I have this extra resource available?

### PROCESS

- What are the outcomes I need?
- What competitor conflicts do I need to consider?
- What are the requirements from procurement?
- What should I do if I like one of the ideas from an unsuccessful agency?
- Will I pay for IP?
- To what extent will I pay for out-of-pocket expenses?
- How many agency responses do I need to make a decision?
- Have all parties (including any third-party consultants) signed NDAs covering the entire process?
- How will I ensure my team and any third-party consultants adhere to the NDA commitments we have undertaken?

## Remembering this process is likely to be onerous, requiring any agencies involved to commit a substantial amount of time, resources, and the sharing of valuable IP, to the tender process, therefore:

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- It is the recommendation of this document that advertisers must be prepared to provide honest and adequate payment for any IP they intend to use outside of the tender process;
- It is also recommended that advertisers review the RFI and RFP approach so that some contribution is made towards requests that are outside of the future working relationship (e.g. international travel to present).

### PLEASE NOTE

- 'Sequence' is incredibly important, it is one of the biggest opportunities you have in any pitch to arrive at a desired outcome whilst minimizing the amount of effort required by all parties. Simply put, pitch sequence should link to the outcomes you seek to achieve. For example, if the primary outcome is cost reduction make that the first gate by which you shortlist agencies, not the last.
- Typically, the first step in any process involves 'credentials', which are a useful tool in understand how any agency works, and what differentiates it from others. But equally it is common practice to ask for a strategic brief response linked to a specific business challenge to truly understand one agency's capabilities over another.

# 3.3

## Understand what you can and cannot do with the outputs of any brief you provide to pitching agencies.

### CONSIDERATIONS

- What am I trying to learn about the agency's approach when issuing a brief?
  - Do I want to understand the day-to-day approach, or the agency's thought leadership?
  - How realistic is the brief compared to those the agency will cover day to day?
  - Are the timelines realistic? We recommend 4 weeks is allowed for strategic response development.
  - Would I want to use any of the proposed responses moving forward, regardless of selecting the agency?
  - If so, what am I prepared to pay for this IP? What is covered within the NDA / terms of pitch?
  - Which stakeholders are best placed to evaluate the strategic response?
- How will I score the responses when they could be very different?
  - What data and access will I get to the prospective agencies?
  - How will I balance and challenge the incumbents understanding of the business compared to prospects?

## **The strategic brief phase of agency tenders is a historically contentious point, with agencies calling for improved fairness in both scoring and expectation. As such, we recommend:**

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- No more than two strategic briefs are requested, through business size should be taken into consideration. Two should be the maximum, not the expectation, and is more relevant for businesses with multiple, differentiated brand portfolios;
- A clear statement should be included as to how the brief fits with the business's needs;
- A clear statement should be included on the use of any materials following the tender process. It is ANZA and Comms Council's recommendation that any material that could be construed as IP as paid for;
- Strategic brief responses should only be requested from a shortlisted group of agencies. This should be no more than three agencies;
- Giving agencies access to the client team for check in / tissue session.
- Presentation meetings should be kept to no more than 2 hours, and wherever possible all shortlisted agencies should present on the same or consecutive day(s)
- Many clients request to have their 'day to day' team in the room for pitches. It is important to note that, not all agencies will have spare resource available, particularly in the middle levels of seniority, and may need to hire if successful. Additionally, day to day team members of varying levels that do exist within agencies are most likely working full time on other clients' work, so movement from these pieces of business can be a sensitive process to manage.

# 3.4

**If you're seeking cost comparisons, ensure you frame the requests in a manner that ensures comparable responses.**

**If you opt, as part of the sequence to evaluate an agency's ability to deliver cost advantages on inventory bought it is important you do this in the appropriate way, with primary focus on developing a clear pricing template that will allow for apples with apples comparison:**

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## **CONSIDERATIONS**

- Media pricing information is highly sensitive and confidential in nature. Do you have the right provisions and behaviours in place to allow for this – i.e., is this adequately covered in the NDA with all parties?
- Have you got a robust internal or third-party benchmark to base your decision on?
- Are you able to state the objective at the start of the process – i.e., nominate improved performance outcome?
- What information can you share up front to frame the objective?
- Will you measure what you benchmark?

### RECOMMENDATIONS

- Set a methodology rather than a specific dollar or Cost Per Thousand (CPM) outcome;
- Avoid the task being too open and therefore preventing you from creating a comparison between submissions;
- Conversely, avoid being too granular, which will result in a too-prescriptive outcome with no flexibility to deliver the agreed outcome;
- Consider both hard and soft performance, over a set time horizon i.e., reduced pricing and improved operational efficiency;
- Share technical pricing questions with all submitting agencies;
- Answer questions in a comprehensive way – especially those that are asked by multiple agencies as this indicates a significant lack of clarity for that section of the task;
- Understand the advertiser implications of meeting pricing commitments – i.e., approval deadlines, maintaining volume commitments, budget phasing etc;
- Attempt to avoid back and forth template questions by ensuring clarity on:
  - Budgets, demographics, duration, format and quality parameters;
  - Definitions and terminology – i.e. gross vs net;
  - Treatment of inflation management overtime;
  - Methodology of value calculation – what's included and excluded – i.e. AVBs, bonus airtime;
  - Inclusive or exclusive of sponsorship arrangements.

# 3.5

## Select the remuneration model that will set any future partnership up for success.

| Model                               | Where this may be of value  | Consideration   |
|-------------------------------------|---|---|
| FTE + overhead + profit             | <p>Best supports clients who have always-on requirements from their agency partners.</p> <p>Best suited to larger-scale clients or those who require a breadth of services from their agency.</p> <p>Best matched to a longer-term 12-month+ relationship</p> | <p>Fixed-fee models are typically used where advertiser and agency have a good understanding of the volume and type of roles required to complete the deliverables.</p> <p>Due to the "input" nature of this model, the fees can be compared from deliverable to deliverable, year to year and to benchmark the blended hourly rates. The fixed nature of the model allows both the advertiser and the agency to manage their budgeting. In addition, with the fixed commitment, the agency can resource the team with confidence.</p> <p>The potential risk in this model is that fees are earned irrespective of the quality of the outputs or outcomes, which is why a pay-for-performance component may be recommended alongside a fixed-fee model. Advertisers and agencies also need to agree on how to manage underburn or overburn situations, where either fewer or more hours were delivered. Attention should also be paid to ensuring the agency earns a fair margin.</p> |
| Commission / % of spend             | <p>Best suits clients who have intermittent, less predictable media spend cycles.</p> <p>Suits clients with heavy (non-digital) media-buying requirements.</p>  | <p>As the remuneration is linked to media spend, it is variable, which means as the advertiser's budget increases, so does the commission and vice versa. As it is based on a simple calculation, negotiations may be simpler.</p> <p>Because the agency's remuneration is linked to media spend, this model can raise the question of whether the agency's recommendations (both volume of spend and media mix) is in the advertiser's best interest of the agency's.</p> <p>Also, due to the variable nature of the remuneration, agencies may find managing the resource requirements more challenging and risk either under-servicing or over-servicing, especially if the advertiser's budget tends to fluctuate.</p>  |
| Deliverable-based / hours rate card | <p>Best suited to projects that are stand-alone, and time bound.</p> <p>Suits clients that have a finite budget to deliver a specific project.</p>  | <p>In a fixed deliverable model, the agency is compensated based on agreed price per deliverable, irrespective of how much effort is actually required. The benefit of this model is that it changes the focus from how much resource is required to what will the agency deliver and how much the advertiser is prepared to pay for each deliverable.</p> <p>This approach can be very useful for advertisers that budget on a brand-by-brand basis and / or when the advertiser has a clear understand of their requirements.</p> <p>The main risk is that to agree on the value of each deliverable, both parties have to be confident of the effort required, which would benefit from support data. It's therefore a model that advertisers could progress to after working with the fixed-fee approach initially, which allows both parties to track and understand the effort required to assist valuing the deliverables.</p>   |

**RECOMMENDATIONS**

- It is not the role of this document to recommend one remuneration model over others.
- It is also important to acknowledge that remuneration models are continually evolving as automation, AI, and other business-related functions transform to new horizons. It pays to keep an open mind with respect to different remuneration models and proposals from agencies, depending on what services and resources they believe your business may require.
- It is imperative that all options are reviewed, and marketers and agencies understand the benefits and potential risks associated with each and enter into transparent and equitable partnerships together on this basis.

| Model   | Where this may be of value  | Consideration  |
|---|---|--|
| Outcome (also referred to as 'non-disclosed') | Wrapping all costs into simply the cost of goods can make this a simple planning approach. It could also de-risk the investment for the advertiser as there is a commitment made by the agency to deliver.  | In this model, the agency takes all of the risk and therefore would only agree to the approach if it is confident it can deliver the outcome and that the size of the prize is worthwhile. It also requires good data and confidence that the outcome can be clearly attributed to the agency. As a result, this model is not often used.  |
| Value-based (performance) remuneration        | <p>A partnership approach to remuneration that should be based on KPIs directly influenced by the agency partner. In addition, the KPIs should be measurable and the return on effort of tracking and measuring the KPIs in keeping with the rewards.</p> <p>KPIs should be mutually agreed and documented via a joint business plan.</p> <p>Best used for highly trackable deliverables;</p> <p>Typically takes into account hard (business and marketing KPIs) and soft (account service) measures.</p> | <p>An incentive model is employed whereby additional income may be earned by the agency, subject to the advertiser' and / or agency's performance as measured against key performance indicators (KPIs). Some of these models have a "skin-in-the-game" component where some of the agency's remuneration is at risk. Typically, the models operate around a margin upside (and in the case of risk, a margin downside). They can be additional to the fixed-fee or deliverable model and can also be applied to the commission model, although a set dollar amount would be used instead of margin.</p> <p>They are a good tool to incentivise the agency to exceed expectations and to attract the best talent to the account.</p> <p>However, it should be noted that a model requiring agency's to bear risk, will require pricing and fee levels to take this risk into account.</p> <p>This remuneration approach, requires a stringent approach to determining the KPIs (e.g. which ones, how many, setting targets) and their ongoing measurement. Best practice is to ensure they align with the marketing team's KPIs and have a mixture of objective metrics (e.g. sales of ROI) and subjective metrics (e.g. agency evaluation).</p> |

SECTION 04:

# Making the decision

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**4.1** How will I evaluate agency proposals consistently, transparently, and fairly?

04

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**We believe consistency and fairness in measuring the value of agency proposals can be driven by a clearly communicated set of expectations and scorecard, shared with all parties from the outset. There is no generic template for this scoring system as advertiser needs and outcomes vary. Therefore, we recommend the creation of a tender-specific scorecard. “Price” and “Performance” should be clearly defined and accordingly weighted to ensure, for example, a high performing agency is not put at disadvantage by a seemingly simple low-price offer.**

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### RECOMMENDATIONS

When building a scorecard for tender evaluation, it should directly correlate with the stated intent / plan. The scorecard is typically used to evaluate the RFP submission and the final presentation and should be developed and agreed in parallel with the RFP. The agreed scorecard and evaluation criteria should be shared with the agencies involved in the pitch upfront. The evaluation criteria should also be prioritised / weighted and limit the number of points to evaluate by focussing the allocation of points into the desired outcome areas.

For example, Agency Staffing and Culture may be one outcome area with a few relevant points to assist the evaluator:

- Quality of the proposed team
- Relevant experience
- Agency culture fit with advertiser
- Depth of talent
- Training program

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### NOTE:

Due to the quantifiable nature of the proposed remuneration and buying exercise, these should be assessed separately to the scoring template. Tenders should also be careful to take a “buyer beware” approach to checking the validity of any proposed rates supplied within pricing templates, however it

is not recommended that advertisers cross check rates with named media owners. This would create conflict of interest issues and likely not prove useful or even accurate. Instead, cross-check against rates currently achieved and question any which seem “too good to be true”.

# 4.1

## How will I evaluate agency proposals consistently, transparently and fairly?

### HOW TO EVALUATE

Your evaluation should be relative to your business needs and be clear to all participants from the outset of the process. Ensure that weightings between different requirements are clearly outlined to ensure the most relevant proposals are presented.

A scorecard can be used and detailed up front, but is not always necessary.

### RECOMMENDATIONS

Those evaluating should have been identified as part of the Stakeholder step in the Preparing to Pitch phase, where roles and responsibilities are agreed.

## Example scorecard only

Sections, criteria and weighting should be adjusted to reflect each advertiser's needs.

# 20%

### AGENCY STAFFING AND CULTURE

Proposed key personnel and overall team

Relevant experience

Agency fit with advertiser

Depth of talent

Training program

Cross-check of proposed team to brief & known advertiser requirements

Agency team stability and retention

# 20%

### MEDIA PLANNING, BUYING AND ANALYTICS CAPABILITIES

Processes, tools, and tech

Use of data

# 20%

### STRATEGIC THINKING

Process

Use of data

(proprietary vs. syndicated)

Insights

# 30%

### RESPONSES TO BRIEFS

Approach to media recommendation

Approach to budget allocation

Application of data, tools, and tech

Innovative thinking

# 10%

### TRANSITION

Confidence in ability to transition smoothly and quickly

SECTION 05:

# Decision made, next steps

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- 5.1 How do I set up for long-term success after agency selection?
- 5.2 How do I ensure the transition is managed successfully?

05

# 5.1

## How do I set up for long-term success after agency selection?

### CONSIDERATIONS

- How will you prepare the team and business for this change?
- How will you induct the new agency?
- How will you manage relationships and communicate with the incumbent agency?
- How will you communicate the decision internally and externally?

### RECOMMENDATIONS

- Create a statement of respectful transition and the important role of the incumbent during the transition;
- Current contract obligations should be agreed and met asap;
- New contract signed, including clear start date and requirements;
- Include a clear transition clause in your contract to avoid a “tools down” situation;
- Provide timely feedback and the opportunity to ask questions and gain insights to all agencies participating in the tender;
- Create a clear communication plan – both internal and external to avoid information leaking before the official announcement.

# 5.2

## How do I ensure the transition is managed successfully?

**Successful agency engagements are built on solid processes from the outset, ensuring relationships grow, expectations are met, and costs are covered fairly.**

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### CONSIDERATIONS

- Should you and the agency appoint a transition manager?
- Who should pay for this resource?
- Have you considered your internal corporate functions that will need to be engaged to support transition – i.e. legal, finance, HR team?
- Will there be an overlap period between the outgoing and incoming agencies and if so, will you need to factor in additional costs?
- How will you establish expectations and ways of working together, including the continuity of live or pending activity?
- What process, systems or compliance requirements does the new agency need to be inducted into?
- Have you considered an induction for the new agency on your internal business– i.e. culture, strategies, people introductions etc?
- When will you officially move the business to the incoming agency? And how long will you allow for transition in/out?
- Have you considered what information, key contacts and data (including digital systems access) needs to be ported from one agency to another?
- Have you considered the requirements you have of the incumbent agency when transitioning and has this been formalised as part of the exit agreement transition scope of work?
- How will you communicate the change of appointment internally and externally – i.e. agency partners, media owners etc, as well as the most considerate marketplace communications –i.e. PR?
- Is there absolute clarity on contract negotiated entitlements, including any specifics around invoicing and reporting and auditing?

## RECOMMENDATIONS

All agency transitions should fit the specific needs of both parties, the contractual arrangements and the market situation at that point in time. The following are, however, recommended best practices:

- Agency appoints a transition manager and this is matched with a key contact on the client side responsible for the transition;
- For larger transitions, a transition leadership council is established to facilitate the transition in and out;
- Handover dates are clearly stated at the outset, typically 90 days after initial selection / announcement. Duration of transition is relative to size/complexity of business;
- The outgoing agency is remunerated for any resource costs expended past the contract end date;
- The roles and responsibilities for each live and pending campaign are clear. Typically, the exiting agency closes all live campaigns and the new agency takes on all strategy, planning and new booking responsibilities;
- The client is responsible for full agency induction, onboarding and agency partner introductions.

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6 months into the contract, the client reviews staffing, scope, agency performance (what's working, what's not) and agency remuneration agreement with the new agency to ensure fit.

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**We hope this document is useful and results in better outcomes for marketers and agencies.**

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For any confidential advice or discussions on prospective pitch processes, please contact: Simon Lendrum at [simon@commscouncil.nz](mailto:simon@commscouncil.nz).