

YOU DO THE AD, WE'LL DO THE NUMBERS

Gareth Mytton

Procurement isn't always welcomed by marketers and ad agencies, but a new guide explains the benefits of adding some logic to the magic.

When financial group Abbey used an e-auction to identify an advertising agency last year, not everyone was happy. At the time, Martyn Rees, managing partner at ad agency MindShare, which went through all stages of the bid, said: "The whole process makes a commodity out of the service that agencies supply. That's a very dangerous thing because it undervalues what they individually deliver in terms of systems, people and planning."

For a fast-moving consumer goods firm, marketing spend will probably be second only to payroll, says Johan Denekamp, chief executive of 4C Consulting and former chief operating

the campaign, whereas the logic covers financial management, payment schedules, the tender process, third-party services, and so on.

"Purchasers have a huge positive contribution to make if they work at it," says the guide's author Marilyn Baxter, whose 30-plus years in the industry include senior roles at Saatchi & Saatchi. But, she says, it does take an effort. The relationship between marketing departments and their chosen agencies is precious to both sides, so purchasing's 'intrusion' can easily get a frosty reception.

"Magic and logic could be a helpful distinction for purchasers," she says. "The logic is where they should focus their attention."

Claire Astill, lead purchasing manager for marketing at Boots, advises purchasers to stick to their professional

she adds. The aim is "to drive out inefficiencies to reduce costs but also to increase margins".

Denekamp, who worked with Boots and, as a marketing and a finance specialist has seen the process from both sides, warns that purchasers will "raise an agency's hackles" if they assume there are savings to be had. "When I started in 1992, there were very few accountants around in agencies. Now, a lot of them are owned by five or six companies and they're better run than many of the clients."

Some costs aren't available for negotiation. For example, the costs of an actual advertising shoot are off-limits. Asking an agency why it took all day to get the right shot "is about as useful as asking Damien Hirst why it took that long to do a painting".

Baxter says: "As a client, you need to motivate the agency, so a lot of what makes for a good output is the relationship between marketing and agencies." Purchasers can win credence by, for example, using the right language. Agencies dislike being called "suppliers", preferring to see themselves as "partners". Talking about "supplier management" can scare the marketing department, to whom this term usually covers both the magic and logic aspects of the relationship.

At Boots, winning marketing and agencies over meant "learning the basics of their world", Astill says, and it's a demanding task. It takes presentations to stakeholders, being mindful that it's less about saving money than getting results from the agency, and sorting out the details of agency contracts to ensure they were paid on invoices that were, in some cases, years old.

What is required, says Denekamp, is an understanding of the other parties' expertise and roles: "The purchasers who are doing well respect the creative role of marketing." Then the financial disciplines of purchasing win a warmer welcome. ■

'Magic and Logic', a guide published recently by CIPS, the Institute of Practitioners in Advertising (IPA) and the Incorporated Society of British Advertisers (ISBA), offers some detailed guidance. The title is a recognised phrase in advertising: the magic is the idea and the campaign, whereas the logic covers financial management, payment schedules, the tender process, third-party services, and so on.

officer of Omnicom, one of the world's largest agencies. As many purchasers are turning their attention to marketing budgets, this raises the question: what exactly is the purchaser's role in this process?

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practices. For example, although an agency can spend a six-figure sum on a pitch, clients should not move too far away from a tendering process. "You need to follow all the disciplines, create a good tender document, run a fair and equitable process, allow everyone to ask the same questions," she says.

At the guide's launch, one theme to emerge was mapping the process from "the twinkle in someone's eye to the TV ad or the sponsorship deal",

CREATIVE BUYING EXPLAINED

Rebecca Ellinor

Purchasers have welcomed a guide designed to transform the way they work with marketing and creative agencies.

"Magic and Logic: Redefining sustainable business practices for agencies, marketing and procurement" was commissioned by CIPS, the Institute of Practitioners in Advertising (IPA) and Incorporated Society of British Advertisers (ISBA).

Procurement plays a pivotal role in ensuring fair play between all three parties, according to the guide. And it urges purchasers to get tough on marketing to deliver more professionally, provide a remuneration framework that rewards quality and creativity, and to look for ways to help agencies be more efficient.

Procurement professionals are also challenged to develop their understanding of the agency marketplace and the link between the input, output and outcomes of creative agencies, and to be more open about their agenda.

Tina Fegent, former head of procurement at advertising agency Lowe, told SM: "It's a very balanced book and there are actions for all three parties. Every purchasing person should read it before they see agencies."

Alison Littley, demand and marketing procurement director at Diageo and a member of the value framework initiative launched by CIPS, the IPA and ISBA to improve their working relationships, said: "This confirms that agencies want the same things - to grow their brands and business. They also want to work with the best talent, with clients who know what they want and with purchasers who understand what they're buying."

Gerry Walsh, group procurement and logistics director at food company RHM and vice-president of CIPS, said the guide could be used to help establish a new business model with mechanisms to score performance.



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