



Marketing Help Comes in All Shapes

Recently I ran a panel discussion at the NAED Marketing Conference. The panel consisted of John Favalo from Sage Marcom, Syracuse, NY and Peter Palermo from Maier Advertising, Farmington, CT, who shared their thoughts about future marketing trends and experiences that they have had with non-industry clients. The intent was to bring new ideas into the industry. While the ideas were very beneficial, it brought up the issue of “why should I hire an agency? How do I evaluate one? and Why should I consider one now?”

First, I should answer the last question first. Why now? If you have already reduced your operating costs, and see an opportunity to grow your business in the second half of this year and next year by taking market share, you need to enhance, and target, your marketing efforts. A good agency can help you, and with many agencies experiencing revenue shortfalls – now is the time to create a relationship. Additionally, history shows that companies that market effectively in a downturn come out of it faster and have greater sustained growth.

With this in mind, why hire an agency and how should you select one?

Types of Agencies

It is important to recognize that there are different types of agencies. There is a subtle difference, but it can be extremely important based upon your need.

The three types of agencies are:

- Advertising agency
- Marketing communications agency
- Marketing agency.

What are the differences?

An *advertising agency* typically focuses on the “soft stuff”. They are interested in branding, graphics, “ad placement” and brochures. Unless you have a significant branding strategy, these are good “project” shops for collateral material. You tell them what you need and the strategy behind the need.

A *marketing communications agency* is more supportive as it relates to the project. While they focus on the graphics, they also ask many questions about what are you trying to accomplish, who is the audience, what is the message and will also make recommendations on how you can best communicate your message to your intended





audience. Questions get asked and better materials are produced (better is defined as materials that accomplish your objectives.)

A *marketing agency* is more expansive. Marketing agencies are interested in understanding your business strategy and are proactive in helping you consider marketing opportunities. Typically they can offer you support in the areas of promotions, web design, trade shows, pr, research, advertising, direct marketing, brochures, premium support, merchandising and other elements of the marketing mix.

As you can see, each type of agency builds upon the prior, and many times marketing agencies evolve from advertising and/or marketing communications agencies.

What do you need?

That depends upon what you are looking for. Every company is different, and your level of comfort in sharing information, acceptance of ideas from “outsiders” and support needs are very important. By “needs” I mean your desire to work with a single agency on a long-term basis, or to solely develop a brochure or seeking “out-of-industry” input from individuals who have exposure to many different industries and types of clients.

If you are a small distributor, consider identifying a few small agencies or freelancers in your area. This is a great way to gain professional support, cost-effectively. Or consider ways to outsource your marketing department, hence “buying” a part-time marketing department.

If you are a mid-large size distributor, consider your need – do you have in-house staff and only need periodic support, or would you like an extension to your marketing department (perhaps you have one or two people now but need an implementation group).

Are they cost effective?

Agencies have different pricing strategies, but in general they are project focused. Some charge for strategy development, but if you create a sole-source relationship this can be negotiated. They mark-up the print, however, don’t begrudge them for it – it is better to have someone who is experienced handling the printer (and printing) than making errors on your own. Consider your opportunity costs – what else do you need to be doing – your agency is your outsource.

The easiest way to work with an agency is to tell them what your need is, and then provide a budget. Based upon experience, there is always something that you forget to tell them, or delays in getting approvals which create rush charges, plus postage, handling and other “miscellaneous” expenses, so plan for this when you give them a budgetary figure (i.e. your budget less 10-15%).





Selecting an Agency

I have been on both sides of this equation. The best way is to invite a number of agencies to meet with you. No less than five (so you can compare, contrast and reduce to get to the final presentation.) Spend no more than one hour per agency. Give them a feel for your company, let them ask questions and present their capabilities to you. This is your introductory meeting.

If you do not know many agencies in your area, call your Chamber of Commerce, do a web search (look for business-to-business marketing agencies), go to <http://www.americanadagencies.com> for selected cities, contact your local chapter of the American Marketing Association (www.ama.org), ask printers and other businesses.

Based upon these meetings, determine which companies you feel that you would be comfortable working with.

Next create a RFP (request for proposal) that overviews your needs and provide open access to asking questions (answers should go to everyone who you are considering to ensure a level playing field). Use the points in your RFP as your evaluation criteria. Provide the agencies two weeks to develop their proposal – you are looking for a thought process. Don't expect them to be 100% on target the first time.

Presentation Day

Involve a minimum of 3 people from your company in the decision making process. Provide each agency 1 ½ hours to present with an additional 30 minutes for your questions. Have each agency prepare a written presentation as a leave behind. Use your RFP and rate each company on a scale of 1-5 in each of the RFP areas. Total everyone's scores and you should have your agency selected.

The entire process should take a month.

Why an agency and why now?

Having an agency will add another level of professionalism to your marketing efforts. They can be effective, cost-efficient resources, enabling you to focus on strategy and implementation. As you begin planning for 2002, now is the time to consider changing agencies or creating an agency relationship. An agency can help you in your planning process.

As you undertake this process, involve your sales management team as a good agency will want to get to know your business, and your customers. Your sales organization is





your best resource to provide this information – and your sales organization is the one who will be implementing your marketing programs.

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Questions to Ask an Agency

The following are sample questions to consider in your RFP. I recommend picking 15 of these questions.

1. Identify the account management team, and their backgrounds, that will be active in the account.
2. The primary Account Executive should write a one-page overview of your company.
3. Exhibit the industry experience and / or distribution channel knowledge of the account management team.
4. Provide an analysis of your competition including strengths and weaknesses. Include a brief recommendation on how you should be positioned.
5. Describe the qualitative research capabilities at the agency
6. Describe the creative capabilities at the agency. Provide a “comp” focused on either the electrical contractor marketplace or MRO electrical market.
7. What experience does the agency have in working with manufacturer co-op programs? Provide examples and ideas on how efforts could be maximized.
8. Agency overall revenue. What is the marcomm and business-to-business revenue of the agency? How is agency success measured?
9. Describe proposed fee structure.
10. Define preferred client/agency relationship in terms of structure, qualities, environment and communication methods/points.
11. Identify metrics that would be appropriate in ascertaining the effectiveness of the various components of a marketing campaign.
12. Does agency engage in periodic, formal client/agency performance reviews? If yes, provide sample criteria/questionnaire, if no, what would you propose for criteria.
13. Provide an overview of the marketing strategy that you feel we should undertake for (this project – year, event, specific promotion)?
14. Exhibit knowledgeable about (your company)
15. Cost Competitiveness (to determine this, ask each agency to quote something you previously produced)
16. Services Offered
17. Ability to Support (your company):
 - a. **Concept Development**
 - b. **Production**
 - c. **Internet & Technology**
 - d. **Enhancements to Existing Programs/Strategies**
 - e. **Outside Resources**
18. Ease of Interacting with the Agency (processes, locale)
19. Importance of (your company) to agency
20. Comfort w/people & talent

