



Agency Management As a Risk-Management Advantage

Ten ways scope-management and performance-evaluation programs can help brands assess and mitigate risk.



When brands implement agency-management initiatives, there are usually two drivers or goals.

One is to rationalize and optimize agency relationships for more effective marketing programs, another is to achieve cost efficiencies in the form of savings or spend optimization. But such initiatives can help companies address and mitigate business risk as well.

Instituting consistent processes at scale, capturing data and approvals, and enabling oversight are elements of these enterprise software platforms that go beyond the obvious benefits and can elevate stakeholder roles.

“Mitigating risk is an inherent fiduciary responsibility of strategic sourcing,” says Donald Lee, senior director of global sourcing at Visa. “It is a graduation from tactically supporting the processing of a P.O. [purchase order] to ensuring transparency and consistency across our processes and deals. This is the place where your business partners see you as a trusted adviser that brings more than just cost savings to the table.”

The two most commonly used programs that brands invest in to manage agencies (performance evaluation and scope management) have clear risk mitigation benefits.



Performance Evaluation

As part of a broader agency-management approach, performance evaluations, top-to-top meetings, and action planning create alignment between brands and their agencies. These efforts can mitigate issues standing in the way of a smooth working relationship, but there are also several risk-management benefits.

01 Reducing agency churn.

Not only does the merry-go-round of agency partners entail hard costs (e.g., search consultant fees, agency remuneration, transition costs), but internal time needed from procurement, agency management, and marketing teams can severely disrupt the marketing plan and endanger broader corporate goals.

The speed and ease of administering agency evaluations via a specialized marketing-evaluation tool can lead to a dialog that course corrects the relationship. This can help avoid mounting frustrations and stave off the decision to change agencies.

02 Identifying and eliminating problem partners early.

As much as one hopes to build long-term relationships, bad fits do happen.

Identifying and eliminating those partners early, as part of an evaluation process, avoids the hard costs associated with ineffective marketing work and the demoralizing impact bad partnerships can have on a marketing team.

03 Optimizing process hygiene.

Evaluations can also make auditing agency partners for policy adherence much simpler.

A concise dashboard can identify agency compliance and highlight those that need to address issues. And, these measures can be isolated from the more strategic relationship elements of a survey so they do not inappropriately affect the scoring used to evaluate the agency relationship.



Scope Management

Enterprise scope management addresses risk across legal, procurement, and marketing concerns. It provides data for procurement and marketing leaders to properly negotiate with agencies and even simply provide visibility into the financial side of the relationship. From a risk-management perspective, it serves several additional purposes.

04 Legal compliance.

Scope-management programs document and ensure the proper approvals (often based on spend levels) are in place and documented. Automating this process ensures auditability and accountability.

There are examples of companies that have been able to eliminate additional online signature software (e.g., DocuSign) because the secure scope management platform meets legal requirements.

05 **Swim lanes.**

Scope of work contractual language can be specific to an agency or a region, tied to specific master service agreements, etc. And, a standardized agency management platform ensures the latest language is being used across an organization, which means the platform's users can rest assured that only contracted rates are being used and that agencies are only used in approved geographies, businesses, or channels.

06 **Budget oversight.**

Real-time visibility into accurate spend data is essential, but it is notoriously difficult to gather in decentralized or distributed marketing environments. Scope management tools allow leaders to understand current commitments and track them against plans. Specifically, seeing how agencies are burning against plan can identify problem projects, teams, or agencies before things get out of hand.

07 **Financial accuracy.**

When multiple businesses and geographies use the same agencies it can be difficult to guarantee that fees will be accurate. Scope management can ensure that the latest, contractually negotiated rate cards are in place.

08 **Security governance.**

Without scope management programs, scopes, estimates, and approvals often happen across email, which makes marketing initiatives, rates, and other sensitive data vulnerable to online attack. Corraling this data within a secure database reduces the chances of exposure. Additionally, walling off this data protects it.

"Our agency management program has given us the unique ability to reflect fees and agency structure on the campaign level with clear tracking of decisions making and signoffs," says Lee of Visa.

09 **Audit ready.**

With scope management tools, reconciliation and auditing against budgets becomes simple and timely.

For example, Visa tied audit and legal organizations into its system, and with a few clicks, its business intelligence software pulls those audit and legal partners' information into easy-to-read and insightful reports.

10 **Diversity, equity, and inclusion.**

Having the ability to capture and report on diversity, equity, and inclusion (DEI) performance helps address U.S. government reporting requirements and enables organizations to measure and change performance-related to goals.





An Ounce of Risk Management Is Worth a Pound of RFPs

While enterprise agency management programs can help strengthen agency relationships, reduce spending waste, and bolster efficiency, they have other benefits as well.

They are a smart choice for marketing, procurement, and operations professionals looking to increase the effectiveness and efficiency of their marketing efforts, and they also benefit teams looking to reduce risk across the organization.



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