



MediaSense®

# **STRONG FENCES MAKE FOR GOOD NEIGHBOURS**

**A GUIDE TO STRENGTHENING YOUR MEDIA AGENCY CONTRACT**

## ABOUT THIS GUIDE

Over the past 12 months, media agency contracts and transparency concerns have risen up the agenda for most marketers. The majority of media agency contracts do not cater for the recent and rapid evolution in media buying models, the programmatic supply chain and data ownership issues. This leaves many brands' agency contracts exposed, but contractual risk can be alleviated by investing time, care and expertise in this area.

MediaSense equips marketers to take more control of their media infrastructure. We evaluate all aspects of internal organisational design and the external supply chain, to ensure maximum value is derived strategically, operationally and financially from media.



# MediaSense®

A studio light on a tripod and a stool in a room with a riveted metal wall.

# YOUR MEDIA AGENCY CONTRACT IS A PIVOTAL COMPONENT OF YOUR MEDIA INFRASTRUCTURE – STRONGER CONTRACTS YIELD BETTER RESULTS

A good contract is like a chair.

It is supportive, and provides solidity and stability. It fits the contours and requirements of its owner. It is portable and durable.

Building a strong contract needs the right design and materials, crafted with appropriate tools and a reliable craftsman.

Just as every chair needs four legs, a strong contract has four key components:

- Comprehensive contractual clauses
- A fit-for-purpose scope of work
- A motivating remuneration scheme
- Effective, relevant and competitive commitments

These components provide key support and structure to the contract, bring comfort to the contract owner and strengthen agency ways of working.





**A key contracting challenge is striking the right balance between the behaviours you wish to encourage and the level of control you wish to impose.**

**In our work in this area we have discovered four typical client/agency contract scenarios:**



## SUFFOCATORS

- Excessive focus on terms and conditions
- No commercial flexibility for agency
- Contract restricts agency options
- Little or no innovation in outputs

HIGH



## STAR PERFORMERS

- Clear and robust contract clauses
- Terms incentivising desired behaviour
- Client and agency aligned on goals and objectives
- KPIs, scope and resource regularly assessed

CONTROL  
RELATIONSHIP

STRONG

WEAK



## RISK TAKERS

- Loose terms and conditions
- No controls or direction for agency
- Gaps in contract exploited over time
- Bad behaviour becomes ingrained



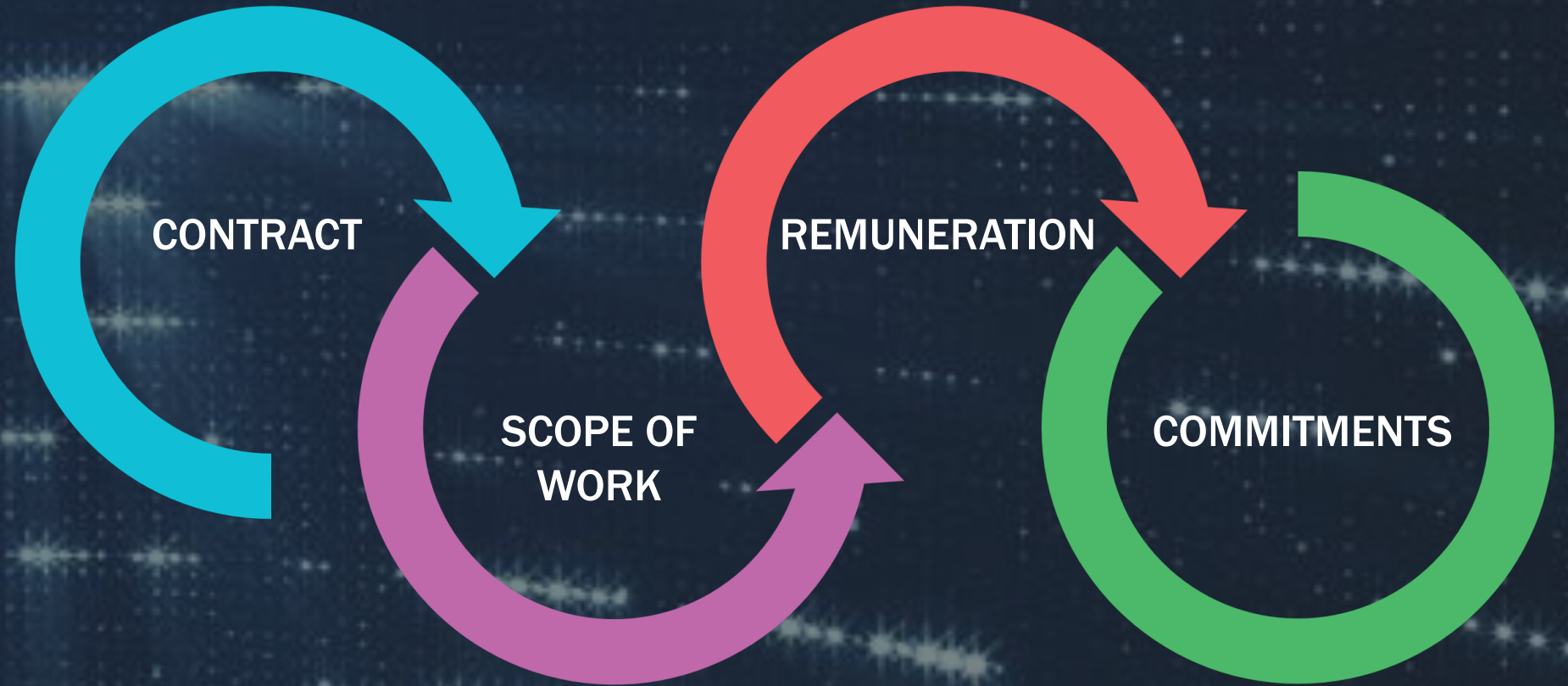
## PUSHOVERS

- Excellent relations and understanding
- Contractual governance secondary
- Protocols and ways of working change over time
- Nothing to fall back on when issues arise

LOW



To be a star performer, your agency relationship should be built around four core, intrinsically linked components.



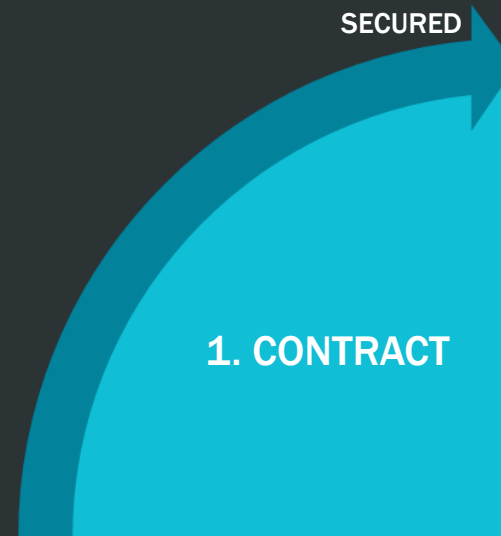


# COMPONENT ONE: CONTRACT

The relationship with your media agency is defined by the contract you hold with them. It embodies mutual standards of behaviour and ways of working, and enhances clarity and transparency within the relationship.

When establishing the contractual framework many complex and at times contentious criteria should be considered:

- Determine mutual transparency expectations
- Commercial and payment terms
- Key definitions - Company, Affiliates, sub-Contractors, Records & Audit
- Data ownership, access & usage
- Technology ownership, access & usage
- Audit rights
- Termination & exit rights/obligations





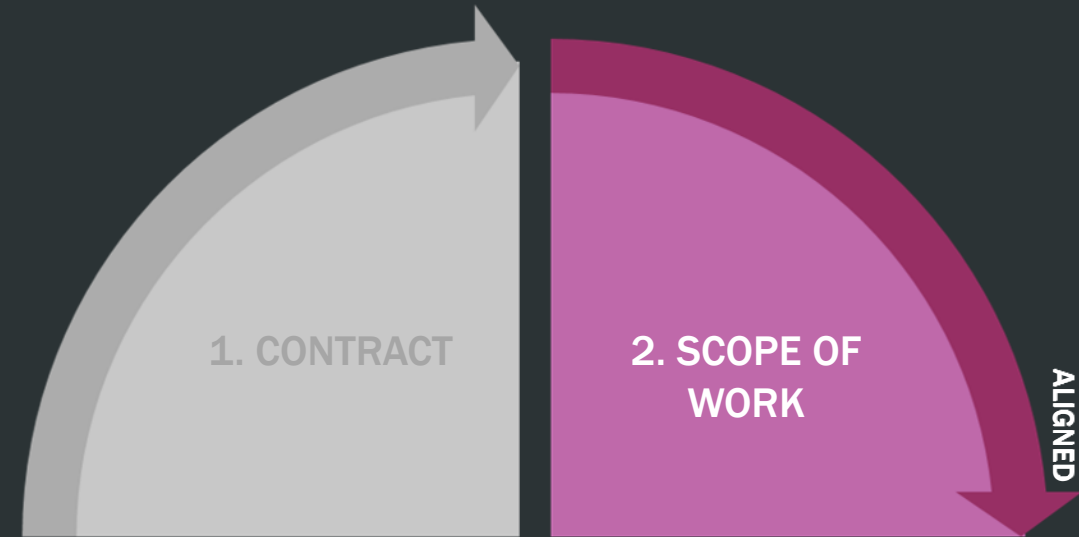
## COMPONENT TWO: SCOPE OF WORK

Setting out a clear and detailed scope of work aligns your requirements and expectations with the agency, outlining deliverables and service expectations between both parties. It also informs the remuneration model and structure.

The Scope of Work should include:

- Services to be provided by media channel and discipline
- Technologies, tools and processes to be deployed
- Reporting requirements, coverage and timelines
- Expectations for interaction with other suppliers
- Desired ways of working and SLAs

All agency tasks and activities should be recorded, and regular feedback loops should be made to mirror marketing objectives.







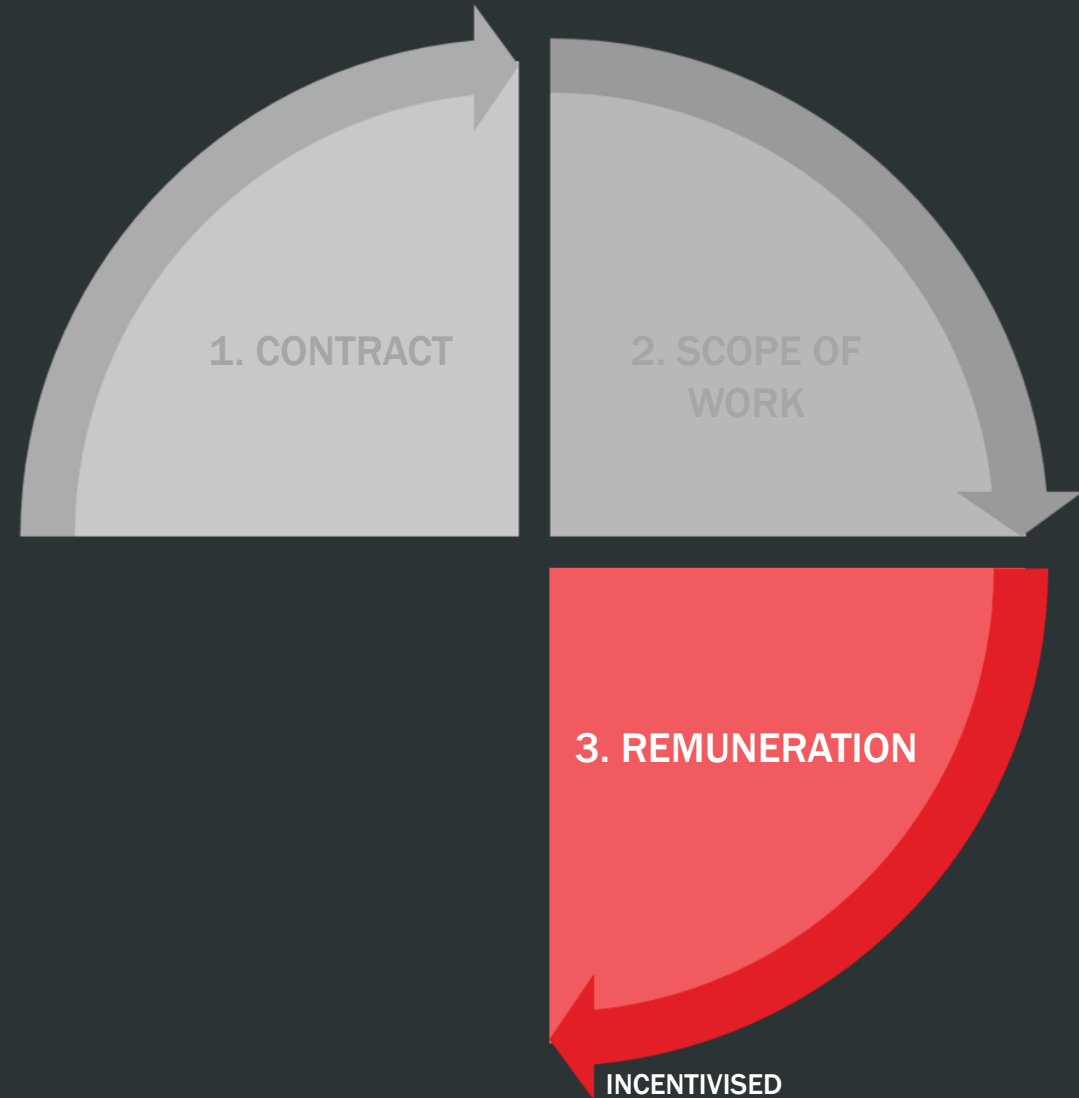
## COMPONENT THREE: REMUNERATION

The method and terms by which agency resource is paid for and incentivised will impact how the agency behave.

From the offset, consideration should be given to how to build a collaborative working partnership by marrying the payment model to the desired relationship requirements and to the Scope of Work.

When building the remuneration package, time should be invested in:

- Detailed breakdown of all fees, commissions & charges
- Full disclosure of FTEs by service area
- Where committed, breakdown of technology & data costs
- Performance based remuneration (PBR) model and associated measurement process
- Description of process for share of savings or sales asset, or shared IPR





## COMPONENT FOUR: COMMITMENTS

Your agency should be held accountable for delivering the commitments they make across media, brand, market, platform and technology.

Commitments should be a pre-requisite to the agreement in place to ensure genuinely competitive value and performance is achieved.

Setting comprehensive and clear KPI targets upfront will ensure contract circumvention will not occur. The measurement methodology should be clearly described without jargon and with examples provided. Considerations include:

- Balance between cost, quality & business conversion
- Link to the PBR, including bonuses & malus
- Evolution against the baseline performance
- Determine performance measurement methodology
- Anticipate changes to planning, buying and marketing conditions



# Asking the right questions gets you to the right place.

We have devised a comprehensive checklist which can be applied to any media agency contract.

The evaluation of these areas provides a cohesive roadmap for strengthening and re-shaping your contract and will get you to where you need to be with your agency partner.

## A sample of questions include:

Does the definition of Agency tie in service providers vertically and horizontally ?

Does the contract contain industry standard payment terms?

Does the SOW provide clear and detailed visibility of services and tasks ?

How far do audit rights extend and what are the commercial implications of any limits?

Do the termination rights minimise exposure for the client?

Is a measurement methodology with worked examples included with commitments ?

Has a formal ratecard for out-of-scope services been included?

Are the definitions of AVBs and Rebates specified and to industry best practice?

**Our service is efficient and cost effective.**

Our **CONTRACT ASSESSMENT** service is efficient and collaborative, and is aimed at providing a better understanding of your current situation and delivering helpful insights on how to strengthen your position.

### KICK OFF CALL



We discuss the context & history of your relationship to better understand your requirements

### ALIGNMENT



We look across contract, remuneration, commitments and scope of work elements to assess whether components are aligned or in conflict

### CONTRACT REVIEW

We review your current agency contract, benchmark and evaluate the key components using our unique contract methodology

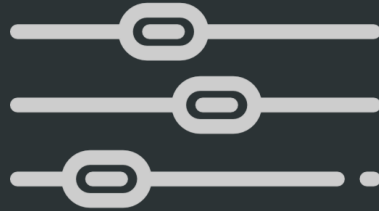






## DIAGNOSTIC REPORT

Diagnostic evaluation and written report highlighting the pros and cons of your current media contract and the necessary actions to take



## EVALUATION CONSULTATION

A 'no stone left unturned' open discussion about your contract diagnostic



## ACTIONABLE INSIGHTS

Putting you in a stronger position.



**IF YOU WOULD LIKE TO KNOW HOW  
WE CAN HELP YOU TAKE CONTROL  
OF YOUR MEDIA AGENCY  
CONTRACT, GET IN TOUCH.**



**MediaSense®**



[info@media-sense.com](mailto:info@media-sense.com)



[www.media-sense.com](http://www.media-sense.com)



+44 (0) 20 7307 1400