

Getting Creative

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Spec work may be an industry staple, but it might not be the best way to choose your agency

By Urey Onuoha

In 2011, Zak Mroueh made a decision that could best be described as risky for his then three-year-old creative agency. After losing out on a potential client based on logistical issues, despite the fact that their creative speculation work received the highest pitch score among any agency vying for the business, he decided that his agency, Zulu Alpha Kilo, would no longer participate in pitches that require creative spec work. In an industry where requesting creative work be completed in advance of an agency's hire is par for the course, choosing not to participate means that his agency is limiting the potential number of clients it can secure.

"It changed the course of our agency's future because it meant that it would limit our growth," says Mroueh, who founded the Toronto-based agency and also serves as its chief creative officer. "But our management team was okay with doing the right thing."

While the request for spec work, which is intended to showcase an agency's capabilities, is a standard practice in the advertising industry, it's also a divisive one. "The issue of spec work is polarizing within the industry," says Tom Finneran, EVP of agency management services at the 4A's. "Many agencies refuse to do it in many circumstances. A lot of agencies will do it but they don't think it's appropriate, and then there are some agencies who, for significant pieces of business, think it's a good part of the process for various reasons."

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One of those reasons is that because spec work has been such a tradition in agency hiring, many brand teams are accustomed to using it to make decisions, says Debra Giampoli, global director of strategic agency relations at Mondelēz. It can also give both the agency and the client a sense of how their potential partners work, yet that has limitations. "It only gives you a point-in-time view of an agency's creative capability," Giampoli says. "The creative work that's done for a pitch is usually done in a very short period of time, and often the agency chooses a team to work on a pitch that happens to be available, which might not be the team that you would have working with your brand on an ongoing basis."

From the perspective of Mroueh, whose agency has incorporated its commitment to not doing spec work into some clients' contracts, the disadvantages of participating far outweigh the benefits. "It's bad for everyone's bottom line," he says. "You don't get a true reflection of the agency you're about to hire and it's actually very expensive for the agency."

And Zulu Alpha Kilo is not alone. According to Giampoli, **a growing number of agencies are turning down spec work.** "They're being very selective about the pitches they participate in and some of them just say, 'We don't do spec work,'" she says. "From a brand perspective, it narrows your choices about who you might be able to consider because you might not get one or more of the agencies you're interested in if you insist on spec work."

Most of the experts ANA spoke to say spec is far from the only way to vet an agency's capabilities and, in the face of limited options, brands would do well to consider other alternatives.

A Different Approach

"Spec work is very expensive for agencies to participate in," Giampoli says. "A typical pitch with creative can cost hundreds of thousands of dollars, and those costs have to be covered somehow, either in overhead or passed on to their current clients. ... The other thing is that smaller agencies can't really participate in too many of these kinds of pitches because of the expense and the demand it places on creative talent."

Instead of asking for creative work, Giampoli recommends researching potential agencies to discover who they've worked for in the past, their current clients, and who was on the creative teams that completed specific projects of interest.

One way to understand an agency's capabilities is through quality case studies, which can give insight into strategies and the effectiveness of the final campaign. It pays to be even more specific, advises Barbara Ford, an instructor for the ANA and partner at Phoenix Strategic Advisors, which is based in Lake Forest, Ill. "Say, 'Give us case studies that are somewhat aligned with the problem or the situation that we are in,'" she says. "It's not going to be in the same industry and it probably won't be a perfect example, but if they can articulate that they know how to deal with this kind of problem, that can be helpful to how the agency thinks."

Brand teams at Mondelēz take a somewhat different approach to the pitch process. Although the company has no formal policy on requesting spec work, many brand managers have participated in this selection process with great results, says Giampoli. They share background information about the brand, including work they have done in the past and what has or has not worked, current communications challenges and strategies, and customer insight work. Also, agencies may be asked to answer a set of questions that look at things like how an agency would staff for the business, examples of past agency work for brands with similar challenges, and potential missed opportunities for the brand and how the agency can address them if it wins the business.

Think Long Term

In a 2015 study, the ANA found that 89 percent of clients and 97 percent of agencies surveyed agree that a long-term client/agency relationship is important. To get there, both parties have to focus first on the chemistry.

At Zulu Alpha Kilo, pitches are all about chemistry and track record. "We show case studies of work we've done that have been successful in the marketplace and share results and the process of how we worked, but ultimately it has to come down to chemistry," Mroueh says. "We show the client how we think, we explain the process ... we talk about the understanding of the marketplace and their business. Most of our pitches are spent talking about understanding the client's business."

The demonstration of understanding is important because in completing spec work, agencies never really operate with the full picture, Ford warns. However detailed a client brief is, the agencies may not be privy to all industry regulations or the client's idiosyncrasies.

To truly get a sense of how its teams work with potential agencies, Wells Fargo makes collaboration a key factor in its process. Also a company without a formal policy on spec work, Wells Fargo's brand teams approach it on a case-by-case basis and discuss the merits of doing spec work with agencies, says Evelyn Lee, SVP and head of agency management at the international banking and financial services company. In cases where the work is very scaled and they ultimately decide to go the spec route, further discussion around compensation then happens.

In situations where spec work is not required, the company turns to what it calls discovery processes, which are open-day brainstorming sessions with the agency. "You basically set the agenda together to brainstorm and have dialogue on how they would approach the problem," Lee says. "It's typically a one-day session and it gives you a sense as to how they think and the chemistry between the two."

Determining chemistry with a pitch team is only a benefit if the relationship continues after an agency is hired, which may not always be the case. "Quite often, the work that's being done in pitches is done by freelancers," Mroueh says. "So it's not a true indication of the talent that's going to work on the business." He suggests instead looking at what the individuals on the team have accomplished, the chemistry that exists with them, and whether they understand the business. "If you work with people you connect with, I think you can do great things," he says.

With spec work still a reality in the industry, choosing not to participate is a risk. Mroueh has nonetheless discovered it's been a good decision for his agency. "What we found happened is that by not doing spec work, we were able to get more premium clients who respected the agencies and the process," Mroueh says. Zulu Alpha Kilo was named *Ad Age's* 2016 Small Agency of the Year and has been shortlisted for Strategy's Agency of the Year award for the last four consecutive years. **[A 2015 video the agency created about the ridiculousness of asking for spec work in other industries](#)** has been seen more than 2.1 million times on YouTube and translated into a number of languages, including Japanese, Mandarin, and Spanish.

Not requesting spec work does show a certain level of respect for agencies that strengthens the relationship, Giampoli agrees. "Any time you describe a selection process that does not include spec work, all of a sudden the relationship goes up a notch because the agencies feel as though you, as a client, are respecting what spec work does to the agency," she says. "What's really

critical is not to see how well an agency can perform in response to a brief with an artificial point in time, but more importantly what kind of a relationship this brand team would have with an agency. I believe the quality of the relationship has a direct impact on the quality of work."

Play by the Rules

Speculative creative work invites much debate from both brands and agencies, but it still remains a standard industry practice. In the event a brand requires spec work for a pitch, [here](#) **are four things for marketers to keep in mind.**



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1. **Make sure it's appropriate.** No matter how advantageous spec work may seem, there are situations where it may do a brand more harm than good to request it. An example of this is in project work. "There's pretty broad uniform opinion among agencies and a reasonable number of marketers who believe that asking for spec work when the assignment is a project is inappropriate," says Tom Finneran, EVP of agency management services at the 4A's. "Quite frankly, when it's a small scale or a tactical project and you've done the spec work, you've basically done the lion's share of the assignment."
2. **Offer compensation.** The process of creating spec work is a strain on an agency's time, budget, and resources, so consider providing compensation if spec work is involved. "The client should be willing to pay or compensate the agency something that suggests to the agency that they are serious about the process," says Barbara Ford, partner at Phoenix Strategic Advisors.
3. **Discuss ownership.** According to the 2011 ANA/4A's Guidelines for Agency Search, clients should have no ownership rights over creative work developed by the agency during the spec period, unless previously discussed. Says Finneran: "Even agencies who think there are certain advantages to doing spec understand the critical importance of the agency retaining ownership of the spec ideas and work product until such time as the client either hires the agency to execute the work and pays them for it, or there's agreement between the client and the agency for the client to pay fair market value for the idea."
4. **Be transparent.** Brands need to be clear about decision criteria and let agencies know from the beginning whether or not spec work will be required, advises Ford. Ensure that everyone on the brand team is willing to dedicate time to the process, that the same people managing the process will own the decisions later, and that each agency gets an equal amount of time to pitch, to keep things fair.

Source

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