



The scary five letter word.

There is no word in the English language that causes greater spikes in excitement, nerves, exhilaration, elation, anticipation, fear and anxiety in the minds of advertising and media professionals than the word:

PITCH

If you are the incumbent agency your mind starts running to the worst-case scenario. Losing a client, retrenching staff, dealing with the perceptual as well as the financial fall out and so much more. If you are not the incumbent and this is a genuine opportunity your mind runs to winning new business, awards, money, staff, fame, fortune and possibly a Nobel Prize for genius-ness.

Pitching is a mental and emotional strain on agencies second to none. Very few will ever understand what agency leadership and staff go through during a major pitch. The emotional strain truly is immense.

But it's not just the emotional drain. It is also the financial drain.

Most agencies don't have staff whose job it is to write pitches. Depending on the pitch ask – the amount of work can be immense. Recent pitches we were involved in asked for an overview of the media landscape, three different strategies, detailed plans for each strategy, an approach to negotiations, a team structure and a full fee proposal. And all of this from five different agencies, and within a three-week deadline.

I reckon – per agency – it probably takes at least 5 full time, dedicated people for three full weeks to get that pitch over the line. That might even be a conservative estimate. Multiply that by 5 agencies, and we are talking about 25 senior agency professionals working for three weeks flat.

The cost per agency to work on a pitch, I believe, sits in the ballpark of R1,2 million (incl. overhead). If you apply that across 5 agencies, you will see that a major media pitch costs the agency world R6m – and only one agency will get any return on their investment.

Now I get it. The cost of having resources on a pitch is in part the cost of doing business. Agency leaders need to stick their hands in their pockets if they want to have a chance to

win the new piece of business (and that Nobel Prize I spoke of earlier). But surely marketers can find some compensation for the “losing agencies” for their hard work and effort?

Pitch fees have always been a hot topic. Certain industry bodies have tried to enforce them over the years – very unsuccessfully. Why might you ask? Well, none of us like to admit this, but us greedy agency people will sell our soul to the devil for the chance of a nice juicy big new piece of business. We are not going to turn down a chance to pitch on a new piece of business just because they don’t want to pay pitch fees.

But I do think there is some recognition due to agencies for the work they have done in a pitch. I would reckon 7 out of 10 clients DO NOT pay pitch fees. When a client does pay - the most agencies generally receive as a pitch fee is R50,000 per agency. Better than a kick in the teeth, but nowhere near recovering the costs of your R1,2m and all your shared IP.

I think it is a matter of appreciation that our industry needs. Most agencies take the R50k, and pay a small bonus to the pitch team, and buy the staff some pizzas to say thanks for a valiant effort.

I would really like to challenge marketers to think out the box when it comes to thanking and compensating unsuccessful agencies for the time, money and effort that went into putting together a pitch.

How about hosting a beautiful lunch for all the losing agencies and their pitch teams? This gesture would build massive relational capital with these agencies and make them know that you appreciate them. Then – give them something. R50,000 per agency is a good start. We don’t expect to cover the full cost of the business, but this is the fuel that will make us fight harder next time.

Some appreciation goes a long way.

Contributed by The AMF Board

About the AMF

The Advertising Media Forum (AMF) is a collective of media agencies and individuals including media strategists, planners, buyers and consultants through whom 95% of all media expenditure in South Africa is bought. The AMF advises and represents relevant organisations and aims to create open channels of communication and encourage and support transparent policies, strategies and transactions within the industry.

For more information on the AMF, visit amf.org.za.

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