



CASE STUDY 2

THIS MARKETER OBTAINED \$2.8 MILLION IN VALUE-BASED COMPENSATION ECONOMIES (SAVINGS) PLUS \$4.1 MILLION POTENTIAL FROM IMPROVED CLIENT AND AGENCY PROCESS ENHANCEMENTS

BACKGROUND/INITIATIVE

- Client formed a task force comprised of marketing, procurement, and MorganAnderson to undertake a sensitive initiative involving a long-standing agency partner and client's portfolio of 15 agencies for all disciplines, including advertising, direct marketing, digital/online, and collateral/design
- Benchmarking and value-for-money were key to the initiative
- Advise whether a reduction in agency compensation was reasonable and could be obtained without risk to quality of work and agency talent
- Advise whether client/agency process and work practices could be improved within reasonable time and at reasonable effort

INSIGHT/SOLUTIONS

- MorganAnderson posited it is important to evaluate client/agency relationship both *qualitatively* and *quantitatively*
- Utilizing benchmarks together with diagnostic interviews, inefficiencies and gaps in client and agency structures were identified
- Each agency's economics reviewed against applicable industry benchmarks, using proprietary data and modeling for all disciplines

OUTCOMES

- \$2.8 million in free cash flow (savings) through a value approach to compensation for the client's portfolio
- Evaluation of client and agency work practices identified significant gaps and impediments to performance and effectiveness representing 14% of client's spending on agency fees
- Redefined agency multipliers and base to establish a new measurable definition of agency accountability
- Both client and agencies embraced this approach - MorganAnderson worked collaboratively with each to help facilitate
- Savings were reinvested in client's marketing programs to further support the brands