



CASE STUDY 5

IMPLEMENTING A RESTRUCTURED GLOBAL AGENCY CONTRACT AND COMPENSATION MODEL RESULTED IN THIS MARKETER'S BETTER EFFICIENCY, EFFECTIVENESS, AND FEE COST CONTAINMENT (SAVINGS) OF \$17 MILLION

BACKGROUND/INITIATIVE

- Apply procurement objectives to advertising, direct marketing services (demand generation), and digital/online marketing services
- Benchmark and assess agency compensation costs in 40 markets for 3 agency networks
- Design agency compensation methodology applicable to all agencies
- Implement a one-time agency fee reduction with necessity of preserving quality of agency work product

INSIGHT/SOLUTIONS

- Single global compensation methodology developed and applied to all agencies
- All markets and agencies made comparable on single US\$ basis
- Successful procurement and marketing collaboration resulting into an internal finance team moved into marketing

OUTCOMES

- Cost reduction (re-investment) of \$17 million on annual agency compensation
- Network agencies realigned to their highest skill set
- Single "best practice" contract developed and applied to all agencies