

**a** July 2009

# ONBRAND

ideas, thoughts & commentary

#01

This month's On Brand looks at the Request For Proposal (RFP), a subject that could either win us friends and influence people – or do the exact opposite!

august is a brand focused communications consultancy offering high level strategic and creative brand building and maintenance advice to build and sustain effective brands with style and substance.

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# The RFP. Open sesame! Or can of worms?

#02

The ubiquitous Request for Proposal is a regular part of business life; for some a great source of new business, for others a necessary evil.

Communication agencies more used to dealing with marketing than procurement specialists are coming to grips with the RFP process. But is it a pleasure or a pain?

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## #03

The entire agency waited with bated breath. The managing director prayed that the account executive had collected the Request for Proposal on time. Strategy was waiting, pen poised to dissect the RFP and write strategically sound wise words in a flash. The Creative Director had already conceptualized an award winning solution. And out of sight out of mind, the agency bankers were briefed to make financial arrangements for funding yet another performance related bond.

No one doubted the RFP would not be manna from heaven nor gave a second thought to how many had been issued or exactly what the response would cost the agency. Whether it had enough relevant information, was written by a marketing or procurement brain or was simply cut and pasted from previous RFPs calling for engineering, computer or even catering services never crossed anyone's mind!

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#04

At 6PM on the dot, the obfuscatory document arrived. The agency rolled up its sleeves to work through the night – as did an untold number of its competitors. **Game On!**

Ali Baba, the fictional character in ancient Arabia may have been the first to open doors to opportunity and wealth by calling out 'Open Sesame'. But as RFPs become common currency, are they an 'Open Sesame' to new business or do they hinder the procurement of creative services?

## A pivotal and positive role

An invitation to submit a proposal through a bidding process is both a welcome sign of more transparency and an alarming development for agencies more used to dealing with marketing than procurement officers.

Some marketers believe it's the best way to maximize a company's negotiating power and purchasing efficiencies with suppliers; simply because an RFP puts structure into the procurement process and ultimate decision.

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# #05

But the process is unavoidably lengthy and ideally should only be used on projects where its many advantages outweigh any disadvantages and handling delays.

Many clients and their agencies have undoubtedly benefited from well written professionally assessed and smoothly managed RFPs, and so has August Brand Strategy and Corporate Design!

All parties, and especially clients, benefit from the input of a wide range of functional experts that collectively help ensure the solution will be a perfect fit for the company's requirements; be it a commodity based capital goods purchase, or an equally important, but intangible investment in brand development.

So Requests for Proposals aren't all bad, but do they deal with the subtleties of effective communication?

## Enough information?

### Enough Time?

When RFPs call for responses that include insightful strategy and creative (ideas that could influence long term positioning, personality and brand values) in a matter of weeks, the fact is agencies and client brands are short changed by unrealistic time frames.

Assumption and speculation often drive agency responses when a company's real market situation and future objectives are only briefly outlined in the hope that a bolt of creative magic will get it all together.

Ironically RFPs themselves are sometimes the victims of tight deadlines and as part of a deadline driven process are churned out without the volume of information to make responses truly meaningful.

Often, the end consumer is completely forgotten in the process of issuing and responding to RFPs - and no one wins!

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# #06

## Less subjective decision making?

It's fair to say that an efficient procurement strategy usually places a high priority on highest quality, quickest delivery and lowest price.

If the same philosophy applies to creatively driven marketing services, does the RFP process help or hinder selecting a supplier capable of influencing customer attitudes and perceptions; and in the long term, brand equity and balance sheet value of a brand?

Basic human psychology is at the heart of all successful brands when wants, needs, aspirations, and most importantly, perception and reality cease to be issues.

The structure and format of a supplier's response is dictated by the content of the RFP.

Creativity and innovation make responses come alive, stand out from the crowd and scream 'Pick Me!' But this is only one criterion that allows proposals to be judged against each other. Varying interpretations of the RFPs requirements can slow down and hamper the decision making process with beautifully crafted, but sometimes irrelevant creative work.

Effective RFPs typically reflect strategy and business objectives in enough detail to ensure a 100% clear and common platform that guarantees suppliers are all shooting at the same target.

### Professional Consultation or Lucky Dip?

When a supplier is unable to speak to the client, asked to send inquiries via email or fax and expected to share feedback with all bidders, there is no ability to engage in a meaningful discussion as is the norm in legal, medical, accounting and communication consultations.

Business can be a game of chance but case studies of successful branding and advertising worldwide proves that a lottery approach to finding the right communications agency is just that - a Lucky Dip!

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#07

# Do creative pitches save money and cut corners?

Why pay one agency to come up with a solution when you can get a few to create for free and choose your favourite?

Sound logic, but over a quarter of creative pitches are never awarded and unpaid creative pitches cost agencies and clients serious money in the long run.

Pitches originated in the advertising world and over the years have become almost an accepted part of commissioning creative work.

But a 'beauty competition' and creative pitch applied across the board effectively means important decisions are made on subjective rather than objective issues. A danger is that a one off creative pitch can be cooked up for the day – often using freelance talent. This really shouldn't be the only yardstick

Creative pitches should give clients an understanding of the creative capacity of an agency, its marketing 'house', feeling for the industry and personal chemistry. All of this takes time and is not usually part of 'shot in the dark' pitching.

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## #08

### Comparing Apples and Oranges?

Some RFPs can deliver a range of unexpected results and may actually increase costs and even cause major and minor disasters down the road!

#### Consider the low bid.

Some bidders submit low-priced minimal bids, accepting low margins on the initial scope of work planning to profit on the delivery of the project as it evolves and expands.

#### The High bid

The very same RFP can also elicit bids that are extremely high - proposals submitted to cover perceived risks.

#### The 'No Thank You' No Bids.

When bidders feel they are forced to make too many assumptions, perceived risk becomes an issue. Even highly capable good agencies sometimes decide not to bid.

# The performance bond

The assumption that creative agencies are cash rich and can fund performance bonds is flattering and probably based on a view that they make too much money already – and this isn't always true!

If the ability to fund bonds is as important as strategic and creative abilities, then good quality small players are out of the running. If their own funds don't stretch that far, bank managers don't help because they don't see bonds as a good risk either.

Bonds may end up being funded by clients themselves with agencies adding financial overheads to creative invoices. There really are no free lunches!

# A business lunch, cup of coffee

RFPs are important, they are written by people, responded to by people and are 100% more efficient when all the people meet!

We make good coffee at august and take pleasure in meeting and talking to our clients and prospects – and we answer RFPs!

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