

It's been interesting to read the heated online discussions in recent days regarding the Zappos pitch and the Portland Online website design contest. Agencies and clients are squaring off in mixed camps over whether these pitches are handled fairly or are even appropriate to begin with. I thought I would dust off this article that I wrote in 2004 and put it up here on the free section of winwithoutpitching.com.

Pitches, Search Consultants & Hissing Cockroaches

I liken advertising agency business development practices to the island of Madagascar. Broken off from the rest of the sales world and left to evolve on it's own, agency business development has evolved in a peculiar direction, spawning some unique and fascinating creatures. Two of the more interesting are the speculative pitch, and the agency search consultant.

Madagascar is the island off the east coast of Africa that was once part of the continent, but split off 65 million years ago. Since then life on the island has evolved in isolation without outside influence. As a consequence the vast majority of the flora and fauna on the island are unique to it. The lemur, the bush baby, and the infamous three-inch long wingless Madagascan hissing cockroach are some of the more commonly known examples of life found nowhere else on earth.

The Marketer's Dilemma

In Africa, it is a 300-mile wide stretch of sea called the Mozambique Channel that separates Madagascar from the mainland. In the advertising world it is the similarities between the functions of sales and marketing that keep professionals in one group from seeking advice from those in the other. I call this phenomenon the Marketers Dilemma. The Marketer's Dilemma is that he cannot sell, yet, because of the sibling-like relationship between the functions of sales and marketing, everyone, including the marketer, assumes that he can. I know from my own experience in agency business development that people who see themselves as marketers tend to eschew advice on sales, thinking marketing a nobler means to the same end.

It is this assumption that, in large part, keeps the marketer from letting sales practices from other industries inform his business development efforts. As a result, what passes for selling in the agency world leaves non-agency salespeople shaking their heads at an approach to building a business that to them looks as bizarre as a ring-tailed lemur.

A look at some of the characteristics of agencies and their selling approach helps to explain the interesting evolutionary direction. Today in the agency world we find:

- Numerous similar agencies with poorly differentiated value propositions
- A lack of specialization
- Inefficient pricing practices that see high value strategic work under-priced and lower value tactical work over-priced
- A preference for sales tools over sales processes
- An eagerness to close (pitch) many prospects, but less willingness to nurture fewer well targeted prospects over the long term

All of these factors have contributed to the commoditization of the agency offering. The pitch and the search consultant have flourished in this environment, but at what consequence to the agency, the client, and their relationship?

The Importance of Selling

Selling is a necessary consultative process that lets buyer and seller determine if there is a fit between one's need and the other's supply suitable enough to take a next step. When the selling process is truncated through a pitch, or intermediated through a consultant, the likelihood of an accurate assessment of that fit diminishes. That's where we are today. As search consultants pop up like mushrooms after a rainstorm, and more and more accounts change hands through a formal review and speculative pitch, the tenure of the average client-agency relationship has steadily decreased. The American Association of Advertising Agencies estimates that client-agency relationships today last on average less than sixty percent as long as they did twenty years ago¹. This trend of shortening relationships appears to be gaining momentum.

The Search Consultant

Given an environment of numerous undifferentiated agencies coming out of the woodwork late in the buying cycle and willingly giving their product away for free, what large client, coveted by dozens of agencies, wouldn't want some assistance in managing the traffic? Ergo, the birth of the search consultant. While broker-type intermediaries are not completely unique to the agency world, most of us would be hard pressed to name another profession in which buyer and seller come together through match-makers like the agency search consultant. In truth, search consultants spend less time searching and more time screening - eliminating agencies. They are the new gatekeepers, with the power to say no, but without the power to say yes. Search consultants keep agencies away from clients, and in the process of facilitating a one-sided selection process they disrupt the more mutually beneficial sales process through which the appropriateness of the match is more accurately determined. While it's easy to blame these matchmakers for contributing to a lot of bad marriages and quick divorces, there can be no disputing they are filling the need of clients to help sort through long lists of suitors.

The Pitch

The pitch is the ultimate non-consultative selling system in which the buyer keeps the seller at arms length and asks him to invest heavily in the buyer-dictated selection process without reciprocating. (This is the first problem: marriages into which one side invests more resources than the other rarely survive the inevitable rough times.) In the pitch, the end prize for the winner is to actually get paid for the work done, with the promise of more to come. Through this process the participants incur enormous expense, and ultimately impair their ability to make a profit on the business by giving away their highest value product - their strategic counsel - at a time when it is most valuable to the buyer. The agency then attempts to make up for this financial gamble by charging more for the lower value implementation work. The results are that as time marches on agency margins are dropping, their cost of sale is increasing, and client

relationships are stressing and breaking at an increasing pace as agencies try to recapture this growing expense through inflating the fees of their more commoditized implementation offerings.

Like the search consultant, the pitch is another tool to aid in the selection of one out of a sea of many undifferentiated providers. Both can only survive in the absence of more efficient sales processes and in the void of significantly differentiated agencies. The current environment is populated by too many agencies, selling too similar services through methods that are too inefficient. This is fertile ground for the pitch and the search consultant, who, like the hissing cockroach of Madagascar, will continue to thrive so long as their world remains isolated.

¹ American Association of Advertising Agencies (4A's) president and CEO Burtch Drake in a speech delivered to the 4A's New Business Summit in June 2003.

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