

## Beating Free Pitching: An Industry Approach

By Blair Enns

A Speech delivered to the Annual Congress of the Bureau of European Design Agencies (BEDA) in Berlin, Germany on March 23<sup>rd</sup>, 2007, the 50<sup>th</sup> anniversary celebration of the signing of the Treaty of Rome which created the European Economic Community (EEC).

.....

Hello and thank you for the invitation to speak to you this evening on this special occasion.

I am a Canadian who works primarily in the US, but increasingly throughout much of the rest of the world. The further a field I travel, the more I am struck by the universality of this problem of free pitching. I began the week with a speech to the Graphic Design Business Association in Dublin, and then spoke to an audience of Design Business Association members in London yesterday. But whether it's London, Dublin, Berlin or New York I can count on two things: number one, the problem of free pitching, or spec creative, as it is referred to in North America, is pervasive and deeply-rooted, and number two, the agency principals in the audience are absolutely convinced that unlike other jurisdictions of the world, their circumstances are unique and therefore preclude them from being able to do anything about it.

These two points represent a universal challenge faced by any consultant: "Yes we have that problem," says the client, "but unlike others we can't actually do anything about it. Things are different here." The argument is usually prefaced with the words, "Blair, you don't understand..." I am sure it will be like losing an old friend the day I quit hearing this retort.

My message when I speak to agency principals is, don't look to government, or to the design associations, or to the clients to end free pitching. The free pitching problem may be global - industry-wide, but I've never seen it as industry problem, per se. Rather, it is a collection of individual problems, and the solutions to these problems are to be found within individual firms, not at the association level.

I *do* believe that there are some helpful measures that can be taken by organizations like BEDA and more particularly its member associations, and I will share with you what I think those are, but first allow me to give you a quick overview of what I advocate to agencies; the things that they can begin to do differently in their own businesses to learn to win without pitching.

To begin, we must understand the root of free pitching: why clients ask, and why agencies acquiesce.

There are two main reasons why clients ask agencies to begin to solve the client's problem as proof of the agency's ability to solve the problem.

### **Clients Have the Power**

The first is that they can.

Clients can ask this of agencies because they have the power in the relationship. Their power comes from the availability of substitutes. There are too many undifferentiated agencies selling too similar services to too few clients. This is in part because of the low barriers to entry into the business, and in part because design firm principals often let their passion to design for a living override a more practical assessment of whether the market needs another generalist design firm. I am not suggesting there are too many design firms in the world. I am suggesting there are too many firms chasing too broad a spectrum – across disciplines and industries – rather than building more specialized expertise, aligned against specific market needs.

This plethora of alternatives gives the clients the power in the relationship, and they use that power to – quite properly - drive down prices and control how design is bought and sold.

### **Buyers' Remorse**

That is the first reason clients ask agencies to part with their thinking for free: they can. The second reason is they are afraid. They are no more afraid than anyone else close to making a significant business decision, but afraid nonetheless. Clients are afraid of hiring the wrong firm. They are unsure of what they are going to get once they sign. They are unsure of how the relationship will proceed once the agency is engaged. In selling terms this fear is known as buyers' remorse. Clients attempt to combat buyers' remorse by asking the agency to begin to solve their design problem before they have committed to hiring and properly compensating the agency. They're trying to reduce the likelihood of making a mistake.

In my work with agencies I attempt to address this first issue of oversupply by advocating narrow specialization – narrow enough to dramatically reduce the number of real competitors and thereby even out the power balance. The bulk of my counsel however is dedicated to this second issue of client fear. In broad terms, winning without pitching starts from a position of strength afforded by a specialized offering, and then it addresses this fear of making a mistake by providing forms of reassurance *other* than pitching free ideas. While it is not the topic of my speech this evening, there are other forms of reassurance that most agencies can offer as an alternative to free pitching, and some of these alternatives are better for both parties.

Addressing, at the agency level, these two reasons clients ask for free pitching is the most expedient means to reigning in and reducing free pitching.

### **Our Dirty Little Secret**

Now, these two observations on the client's motivation were apparent to me early in my consulting practice, but what took me a little longer to discover was this reason of why agencies are so easy to agree to free pitch even though they understand the business case against it. Sure, there is the argument that it's always been done this way and therefore there is little choice, but there is another reason why agencies so readily acquiesce. I refer to it as our dirty little secret.

Our dirty little secret is an addiction that we share. It is this addiction that causes us to free pitch, even though we know we should not. Our common addiction is this: we are hooked on The Big Reveal – the presentation. We love the adrenaline rush that comes from that moment of uncertainty when we are about to unveil our work, where in a moment we will be seen as hero or as goat. We crave to hear "Brilliant! I love it!" and we prepare ourselves for the opposite; the dreaded silence and deadpan faces, sometimes followed by, "Did you even read

the brief?!" We crave presenting so much – and specifically the adrenaline rush that comes from this moment of uncertainty – that we are willing to do it for free. *That* is why we pitch. Free pitching will never go away completely, but it won't begin to leave us our addiction and face up to the very real business costs it represents.

## **The (Limited) Role of Associations in Combating Free Pitching**

I've offered two reasons why clients ask for free pitching and one reason why agencies agree to do it, attempting to illustrate that the problems and solutions are local. But as I mentioned at the top, there is a role for design associations in combating free pitching. I see that role as primarily one of education, as follows.

The first and most obvious role is in educating the buyers of agency services. I've seen some good attempts at this around the world, but more often I've seen highly-flawed association-endorsed selection processes that serve to commoditize the offering of the firms they are trying to help. Most attempts to standardize a process for hiring a design firm end up hurting all design firms. Any process that enables an apples-to-apples type comparison between an apple, an orange and a pomegranate does so at the expense of the orange and pomegranate. Many of these association-endorsed selection processes simply perpetuate the commoditization of agency services – granted, without the free pitching, but the net effect is just as harmful.

I often hear the argument made that free pitching is not fair to the agencies. To me, it is beyond fair – being neither fair nor unfair. It is simply free market economics at work – a manifestation of the client's power when buying design.

I know the DBA in the UK is working on a certification process with professional procurement specialists, and this I believe has merit. Procurement specialists are not allowed to ask product suppliers for free product, and design services need to be put on the same footing for these professional buyers of agency services. The large associations of procurement professionals throughout the world need to know that it is unacceptable to ask a services firm of any kind to give their services away for free as part of a tendering process.

The second educational role that design associations can play with their member firms is to simply pose questions about the logic of free pitching. Free pitching is kind of like cigarette smoking: everyone knows it's bad for their health, but messages that say so go ignored. For an industry that is supposed to think differently at every turn, this creative thinking seems rare on the business side of design business. Good designers break barriers, defy conventions. I would like to see the question posed publicly to agencies – more publicly than I have been able to: why the lemming-like attitude when it comes to giving away your highest value product for free?

But ultimately, I believe the best that associations can do to combat this issue of free pitching is to communicate to member agencies this key point: *their ability to win without pitching is an indicator of their strength in the marketplace*. At its root, this is an issue of supply and demand economics. The power in the buy-sell relationship shifts away from the buyer, toward the seller, only when the seller begins to set himself apart from his competition. This is the power of specialization, and the entrance-way to the path of winning without pitching. A firm that cannot win without pitching is a firm for which the client sees many viable substitutes. *That* is the crux of the free pitching problem.

Design businesses need to rate business principles a higher priority. While it is not in the mandate of all design associations to heighten the business skills of their members, it seems to me that doing so would serve to improve the design product and the exportability of that design product. And *that*, I think, *is* the mandate of most design associations.

Thank you for indulging me. I'm grateful for the opportunity to share my thoughts with you on this important subject, on such an historic occasion.