

# Get your skills to market

It's high octane, tricky and greatly misunderstood. But how can purchasers ensure their skills and know-how are reflected in huge marketing budgets?

**With an estimated spend of £33 billion in the UK last year, marketing services is an exciting area of purchasing. It's different, challenging and tremendous fun; it's also hard graft, but every day you have the opportunity to work with creatively-led people and learn about different areas of spend.**

I am fortunate in having had the opportunity to see both sides of the fence. I have worked for marketing-led companies such as O2, GlaxoSmithKline and Orange, where I set up marketing purchasing teams from scratch.

Nearly two years ago, I was offered a job on the other side with advertising agency Grey, and recently switched to another, Lowe.

Every day I learn more about the cost drivers of an agency and the areas in which we want to work with our purchasing clients, such as business processes, transparency of costs, preferred suppliers and potential synergies across holding companies and with clients globally.

## What is it all about?

So what does purchasing marketing involve? Why is it different to buying parts and how can a strong, three-way relationship between your marketing client, you as the purchasing professional and your selected agencies work as effectively and efficiently as possible?

Many people think marketing is simply advertising - the ads that you see on television and in magazines. However, there are many activities within the spectrum of marketing, which together meet the ultimate objective of selling goods to consumers.

Marketing comprises two categories - "above the line" and "below the line".

The former covers the highest spending areas. In advertising, this will be the making of an ad on TV, in the press, outdoors or for radio. In media, the above-the-line category is divided into media strategy (determining the best way to advertise), media planning (thinking about which media to advertise in/on) and media buying (choosing the media space).

The below-the-line category covers a number of disciplines including:

- brand design consultancy: the design of a logo to new store layouts;
- direct marketing: direct mail sent by post;
- sales promotion: from on-pack promotions to global competitions;
- press relations: getting your message out via articles in newspapers and magazines;
- sponsorship: including sports events, celebrities, etc;
- events and exhibitions: from trade shows to fireworks on New Year's Eve;
- digital: maximising the potential of the internet;
- market research: finding out how potential and existing customers feel about your brands;
- print: all printed material, for example, for direct marketing;
- field salesforce: covering your trade marketing activities.

So marketing covers a wide range of activities, some small spend - others megabucks. Some are tactical, and others crucial to a company's sales.

People tend to focus on advertising because it seems the most glamorous area. And since it attracts the highest spend, it is the

one that offers the greatest potential to save money and add value.

But from a marketing point of view, the total mix is important - using all the different media to attract new customers, maximise brand loyalty and encourage repeat purchases.

The tasks for purchasing are to ensure the best agencies or suppliers are selected; that a fair commercial relationship is in place; that costs are transparent; and the results of the investment made in marketing are measured and reported.

Is it like buying widgets? Definitely not. But many purchasing organisations don't consider the different skills that are required in this area. In some cases "widget buyers" are sent in to negotiate the £50 million media agency contract and they can cause more damage than good if they are not aware of the differences.

## What makes it different?

First, you have to be highly customer focused and build a strong and credible relationship with the internal marketing customers and the agencies or suppliers you are dealing with. You can start by looking at some below-the-line areas and gain their trust in your role before moving above the line.

Second, you have to know the areas you are negotiating. If you want to look at the costs of making a 30-second TV ad, then attend a shoot. And don't use production consultants, because you will be missing out on a great opportunity to learn first hand. You could also attend some of the recently launched CIPS Marketing Collection of seminars.

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Third, be informed like marketing people. They know the supply market well and their relationships with it are key. So access the same information yourself and read the trade magazines, such as Marketing Week, Marketing, Media Week and Design Week.

Fourth, remember it is not just about saving money. If you are asked to do this, make sure the savings go back into the marketing budget. You, as a purchaser, must add value to the marketing function, be it in terms of cost savings or looking at better ways of working.

Look at business process re-engineering, as inefficient processes can push up costs, especially if too many people are getting involved or too much reworking is being done. For example, look at how an agency is briefed on a new piece of work, or once an idea has been agreed, look at senior management's internal approval process. How often do the agencies get it right first time? How often do your marketing people change one page of a customer magazine?

Next, you need support from the top. Your senior managers in purchasing and marketing have to support what you are doing. I have had two great bosses - Martin Webb at Orange and Garry Lace at Grey and Lowe - who have supported me and my role 100 per cent. It does make a difference.

And lastly, you have to understand the supply market. It is over-supplied so most agencies and suppliers have a culture of saying "yes" to new clients. By being a good purchasing marketing person, you can help the agencies learn to say "no" and get the best commercial relationship in place.

## Three-way relationship

The most successful relationships - creative and commercial - happen when the marketing client, purchasing and the agency are working together.

Too often purchasing assumes it has power to tell the agency what to do. If this happens, then the agency or supplier either gets marketing involved and discussions are overruled, or they don't get marketing involved, grin and bear it and you end up with unhappy agency teams that are not making money or great work.

Relationships work best when the following happen:

- All three parties sit down and discuss the scope of work for the next year together. This is so important yet happens too rarely.
- There are regular quarterly reviews on the contract - with all parties present. These cover fee reconciliations and a two-way review of performance.
- There is a contract in place.
- The deliverables and the return on investment are measured and reported.
- The terms are transparent and fair, with perhaps a risk and reward element on both sides.
- The agency is proactive in suggesting ways to reduce costs and process times.
- It is a long-term relationship on both sides. Invest in relationship auditing.
- You get great work and everyone is happy!

## Is there tension?

Historically, yes. Agencies have not welcomed purchasing and some purchasing teams have not been productive in managing this category of spend. But agencies, together with CIPS, and the trade bodies Incorporated Society of British Advertisers and the Institute of Practitioners in Advertising (IPA), are working closely to educate all parties of the benefits. Agencies are recognising this by recruiting people like myself and colleagues at advertising agency AMV BBDO and communications services group WPP.

Purchasing is welcomed by marketing because it is introducing transparency, discipline and accountability. So it will pay to learn your category, bring your agency and suppliers with you - and see how successful it will be for all parties.

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