

# Eleven World-class Standards for Marketing Procurement

by World Federation of Advertiser

To drive improvement, marketing procurement needs to ensure that everyone is talking the same language. To that end the WFA's Global Sourcing Board has created eleven common definitions for key terms.

*"It all starts with getting our definitions right. The WFA's Global Sourcing Board (has) defined 11 words or concepts that are often used in marketing procurement, to ensure we all speak the same language"*

Laura Forcetti, Marketing Sourcing, Global Lead at the WFA

To drive improvement, marketing procurement needs to ensure that everyone is talking the same language, and to that end WFA's Global Sourcing Board has created some common definitions for key terms.

**The list of eleven key terms are:**

- 1. Value**
- 2. Transparency**
- 3. Stakeholder Engagement**
- 4. Commercial Leadership**
- 5. Client / Agency Relationship vs Partnership**
- 6. Agency Roster**
- 7. Savings**
- 8. Remuneration**
- 9. SRM Programme**

## **10. Sustainability & Marketing Procurement**

### **11. Supplier Diversity**

Launched by the WFA, the Project Spring report is an ambitious attempt to create world-class standards for marketing procurement with the aim to ultimately change the perception of the function. However, as the WFA points out, making that a reality requires everyone to be clear about what exactly they are talking about.

Last year's report established the fundamental principles of what constitutes great marketing procurement and this year the WFA Global Sourcing Board have said it wants to focus on how to make that common practice in as many companies as possible.

However, before that can occur the WFA Global Sourcing Board says it needs to make sure that everyone understands exactly what everyone else is saying. That means agreeing on some common definitions of the current words and concepts which are used to discuss the challenges and tasks faced by marketing procurement practitioners.

This matters, because when the WFA Global Sourcing Board talked to marketing procurement practitioners and agency leads last year, a huge amount of time was spent discussing definitions of key words such as 'value', 'transparency' and 'savings'.

The WFA Global Sourcing Board says there are many words in the procurement lexicon, the list below has been selected to identify those where people often use different definitions that can lead to conversations at cross purposes.

The list of eleven definitions is based on discussions between individual members of the WFA Global Sourcing Board, reflecting their own experience and personal approaches. However the WFA point out that the list and definitions are not binding, meaning that WFA members are free to depart from them as they wish.

## **The Full List**

So not to dilute or misrepresent the definitions, Producers & Procures iQ have published the list in full.

## **Value**

The goal of marketing is to drive business growth so value should be considered as any and all activities that improve brand performance. This covers all procurement activities that drive marketing efficiency and effectiveness whilst managing risk and building reputation.

Examples of value include increased transparency and therefore trust, progressive and fair compensation models, securing the best agency talent and the right agency for a given task, driving excellence in agency relationship management with higher quality output, as well as leading Diversity and Inclusion and Sustainability programmes with partners.

Multiple tactics need to be implemented in order to achieve each of the examples above and, ultimately, improve agency relationships with a view to maximizing Return On Marketing Investment and driving business growth.

## **Transparency**

Procurement must understand the marketing supply chain to ensure that costs are valid and deliver intended results. Knowledge is power but it also brings big responsibility. Procurement should drive for transparency so both parties can identify and remove waste from the process and invest resources wisely, using this knowledge to drive shared accountability for success and fostering trust over time.

Note: Transparency does not mean savings. Real transparency goes beyond pricing models. It is a two-way street. Transparency, beyond knowing the cost drivers, is about understanding how work is done and drive mutual value for client and agency.

## **Stakeholder Engagement**

Stakeholder engagement is the purposeful effort to partner within the business to advance business objectives. It is purposeful because the team has to be intentional about the need to be business partners and not simply a step in the process or compliance function. Procurement must be intentional about all interactions with external and internal groups.

Stakeholders are people who hold a stake in a decision or undertaking. Internally, those stakeholders might include finance, marketing, legal and IT. Procurement must understand their challenges and objectives so it can create commercial strategies aligned to them. Aligned strategies have roles for all stakeholders and all must commit to fulfil to responsibilities and deliverables in support of the common goal.

Stakeholder engagement does not mean making everyone agrees on everything. A good stakeholder engagement relies on the ability to raise and solve pain points, facilitate open discussions on challenges to improve the solutions to achieve the common objective.

## **Commercial Leadership**

Our ability to perform our role as a trusted business advisor depends how well we know our own business. Marketing procurement drives business priorities forward by building and managing trade structures, contracts, and relationships with external partners/agencies.

Whilst the budget owner usually leads the agency relationship, the commercial aspects are led by procurement, according to the business needs, as north star. Procurement supports the business – not just the individual stakeholder, brings a one company view and represents the client as a whole.

Thanks to its expertise in internal and external business strategies and structures, procurement advises stakeholders on their options for the best business outcome.

### **Client / Agency Relationship vs Partnership**

What is the real difference? Clients and agencies investing to move their relationship to a partnership will increase speed, drive shared accountabilities, and deliver joint value via better work, lower total system costs and top-line growth potential on both client and agency sides.

Clear alignment on goals and priorities and transparent feedback via deliberate and proactive management is key. Honest, ethical, and fair treatment of all third parties applies whether it is a relationship or a more integrated partnership.

### **Agency Roster**

An agency roster is one of the commercial arrangements that procurement can offer to address a defined demand from their marketing counterparts and optimise client-agency relationships management.

A roster highlights a certain number of preferred agencies where commercial terms have mutually been pre-agreed. It brings together global, regional, and local specialists who can provide the various marketing capabilities that a client may decide to resource externally.

Rosters must be regularly updated to ensure that they remain relevant to changing business needs as well as the evolving marketplace.

Benefits of this commercial strategy include simplified, faster, and more agile ways of working, higher levels of consistency across the client organisation as well as reduced business risks thanks to pre-agreed contract terms and KPIs.

## **Savings**

Delivering savings means finding the best equation between a partner's margin and the value of an advertiser's marketing investment.

Savings should not be the end objective but a possible consequence/symptom of a well-managed sourcing initiative that answers a business objective and follows a Total Cost of Ownership (TCO) approach.

They are not about only cost reduction; and can also include:

- Time savings: how can procurement contribute to shorter time to market with technologies, automation, leveraging various geographies;
- Low value-added tasks savings: how can procurement contribute to simplifying processes, make everyone's life easier. Procurement brings this efficiency with technology, better processes, clearer roles and responsibilities and correct expertise;
- Energy savings: how can procurement contribute to assess the relevancy of some projects, do fewer but bigger and more efficient activations, learn fast from pilots and help to scale;

- Demand management: based on concrete data that shows delivery or results, challenging how much the marketing team really needs and ensuring the company does not buy more than that. A great example is how much media do we need measured either by sufficiency, reach or share of voice.

## **Remuneration**

Remuneration is money or other financial value given in exchange for a service. The role of procurement is to define the right way to structure that exchange, identify the approach that drives the best behaviours and shared accountability for success.

With agencies, for example, that means considering payments structures such as hourly rates, deliverable-based, commission and fixed fees, as well as how to balance fixed and variable compensation.

It is critical to align how the company buys and how the agency sells; if an agency sells services only by time (hourly rates) and your brand wants to buy a business outcome, the challenge for procurement is how to bring them together in a structure that works for both.

Procurement should be the experts on all options, it should consider the business objective and remember to reward and recognise great work.

## **SRM Programme**

Supplier Relationship Management (SRM) programme refers to a proactive initiative designed to improve or deepen relationships between a client and its key agencies or marketing suppliers.

SRM starts with the segmentation of the client's agency or marketing suppliers base e.g., strategic / tactical / transactional.

It identifies a set of appropriate sourcing activities for each segment depending on the type of working relationship the client wishes to form and ensures they are executed in a consistent manner.

The objective is to develop greater collaboration leading to better business outcomes on both the client and agency or marketing supplier sides.

SRM is not just about evaluation and performance relationship management. It includes other important aspects of the relationship such as mutual development and risk management.

The benefits of a successful SRM programme are multiple, such as earlier access to innovation, joint plans for sustainable value creation, becoming the agency's client of choice or ultimately boosting a client's competitive advantage.

Leading or co-leading an SRM programme, one that is designed with end customer and expected mutual business benefits in mind, is a great opportunity for marketing procurement professionals to demonstrate the value provided by the function and improve internal perceptions.

## **Sustainability & Marketing Procurement**

Sustainability for marketing procurement means being people and planet positive. Within our roles and responsibilities, we ensure environmental, economic, and social wellbeing today and tomorrow, and contribute to our organisation's sustainability goals. This would at least include:

- Circular and climate positive: improving environmental impacts with actions. E.g., defining eco-production guidelines and measuring our CO2 impact, reducing water consumption or eliminating plastic when producing physical assets, advocating for the use of recycled materials, ensuring better waste management;



- Respect and wellbeing: deeply caring about human, children's rights as well as animal wellbeing. E.g., developing guidelines on influencers, TV shoots, deploying Gemscore (Gender Equality measurement), developing accessibility on websites, or close captioning on assets; and
- Fair and inclusive: securing decent and meaningful work and fostering inclusion. E.g., promoting decent wages and equal pay, encouraging diversity among suppliers through Supplier Relationship Management (SRM) programmes.

## **Supplier Diversity**

Supplier diversity is a proactive business approach to ensure that an organisation's supplier base is representative of the societal make-up of its consumer/customer base as well as the marketplace in which it operates.

Supplier diversity goes beyond reaching a given percentage of spend with diverse suppliers or building an inclusive database of individuals. It is about championing real equality and inclusion within the supply chain, at all levels of the external partner organisation, including in both ownership and leadership.

This for instance means providing under-represented groups with an equal chance to bid for work, be appointed, and championing diverse representation across seniority levels and functions within the supplier organisation.

Within this approach there will be a focus on:

- Diverse suppliers – those with greater than 51% ownership by under-represented groups, such as minority-owned and women-owned businesses
- Diverse representation – ensuring underrepresented groups are appropriately represented throughout the supplier employee base. Underrepresented groups can include women, LGTBQIA+, disabled, Veteran, ethnic minorities or any other minority as identified by a business or specific country.