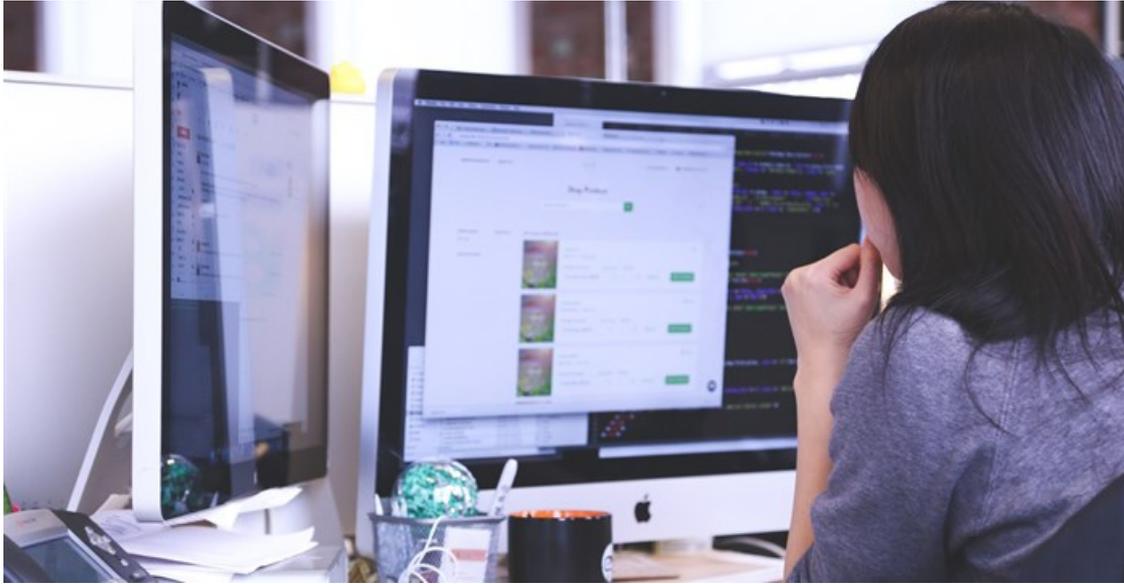


Use the end of a financial period as an opportunity to optimise your agency relationships

 By [angelika kempe](#)

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Good housekeeping is a vital part of maintaining a healthy relationship with your external marketing and advertising agencies. All too many marketing and procurement teams run into surprises like outstanding invoices after the close of a financial period or an unexpected claim from the agency for overages on the retainer.



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That's why brands should regularly evaluate their relationships with their external service providers, identify risks and optimise their partnerships. I suggest embarking in this process three months before the close of the financial year – and then doing this checklist once a quarter to ensure that the business continues fair and transparent relationships with its marketing agencies.

Here are some areas to look at:

Are you getting what you paid for?

If you're paying an agency a monthly retainer, ask it for a report breaking down what it delivered for your money. This report should include only the tasks, resources and deliverables that fall into the scope of the retainer. You can also ask for a report about the money you spent on jobs outside the current retainer if you're wanting to include them when you renew the agreement.

Give the agency around three weeks to produce the report. Once you are certain that the report is accurate, you can assess the gap between what you paid and what you received. Depending on your contract, one party might reimburse the other for under- or over-spending.

What should you pay in the next fiscal period?

Informed by the reports you received from your agency, you can look at whether you should increase or decrease your retainer for the next year. Have an open discussion with your agency about your budget and projected requirements, and come to an agreement on what it will bill from January. Inflation-related increases – if any – will form part of this discussion.

Are the billings up-to-date?

Ask your agency to go through the work-in-progress report with you so you can see which jobs are open and which can be closed. Look at outstanding bills. Ask the agency for a report detailing unpaid media inventory for which it has not received invoices from media owners. This should be refunded to you.

Check if it makes sense to pay a supplier who hasn't invoiced for a long-completed job and then seek a refund if the final bill is lower. Also find out which jobs have been in the system for too long without progress. Should the agency bill costs-to-date so you can pay on the right side of the fiscal year?

Age analysis

Check with the agency whether you owe any money for the financial period. There might be outstanding bills from different departments and projects in your business. Helping sort these payments out will improve your relationship with the agency along the way. Reconciliations on jobs cannot be closed off until the bills are settled.

Performance management

While you're doing all the admin, make time for the difficult performance discussions. If the agency is entitled to an incentive payment according to a risk-and-reward clause in your contract, you need to jointly assess what the agency has delivered and how well. This should be paid in the current financial year rather than carried over to the next.

Contract amendments

Check if you need to amend the contract or append new terms and clauses to cater for changes in the scope, fees and rate cards, studio rate cards and key performance indicators. Also discuss if you need the agency to staff the account differently.

Tick the boxes

Ask the agency to send valid Sars and BBBEE certificates, and to confirm any changes in directorships, address or payment terms.

ABOUT ANGELIKA KEMPE

The marketing and media industry is no stranger to Angelika who has two decades of experience in brand and agency management. Angelika has a Diploma in Marketing and Advertising from the Institute of Management (IMM) and is an accredited facilitator, mediator and negotiator through AFSA (Arbitration Facilitation South Africa) Her strengths include managing all media agency types related to all commercial and process-based issues, with a special focus on contract negotiation, performance management and good governance.

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