



## ASSESSING THE AGENCY'S PERFORMANCE: Guidelines for Formal Client Reviews

As strategic business partners, it is essential that public relations firms and their clients each have a firm grasp on the direction and effectiveness of their relationship.

It is only through regular meetings and other types of communications that both parties can know the strengths and weaknesses at any given moment. To achieve a level of exceptional service, however, informal feedback should be supplemented by a formal review process, usually conducted on a yearly basis and initiated by the public relations firm.

Most public relations firms, according to a 2006 Council of Public Relations (Council) survey, have a formalized approach to evaluating their client relationships. To make this practice more pervasive, the Council's Client Services Committee (CAC) has developed this best practices document, which is designed to help firms and their clients evaluate and assess their relationship in the most effective way possible.

### Mutual Benefits

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According to Dr. Ashish Nanda, associate professor at the Harvard Business School, among the stiffest challenges facing professional service organizations (such as PR firms) are those related to the evaluation and assessment of the work being done on behalf of clients. Specifically those challenges are: 1.) The strength of the relationship is not easily observable; 2.) Client loyalty is based on perceived value and 3.) Clients have difficulty assessing the quality of service.

That's why client audits, assessments and evaluations are so important. Supplemented by regular conversations and meetings, these tools can range from fairly simple devices that help keep things on track to more complex methodologies designed to evaluate and measure specific account components, programs or initiatives. For the agency, aggregate scores (on evaluations) across clients can also identify key development needs for the firm overall, helping the firm improve the quality of its work and service.

Typically, it is the public relations firm that creates the auditing tool, but not always; some clients have their own proprietary tools. Either way, it is important that the client understands the inherent value in the process. And most do.

### Best Practices: Evaluation of Relationship/Engagement

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*"The greatest problem of communication is the illusion that it has been accomplished."*

— George Bernard Shaw

The frequency of the evaluation process can vary depending on the size and scope of the engagement. Some firms choose to survey their clients annually; some choose to do so bi-annually, quarterly or even monthly.

Below are 10 general service categories that America's leading public relations firms and their clients will typically evaluate throughout an engagement. It is standard for most firms and clients to apply a grading system to the chosen categories (A–F; 1–10, etc). They can be used to benchmark specific performance levels, in addition to serving as a useful measure for variables such as program success, agency competence and client/account team chemistry.

Implementation of this kind of diagnostic usually takes one of two forms — an interactive discussion with the client conducted by a member of senior firm management not involved in the day-to-day relationship; or a self-administered

questionnaire filled out by the client and then used as the basis for the same type of discussion. Either way, interaction between client and agency is key to the review process. The end result is a set of issues, opportunities or challenges that the agency is tasked with working on, or where collective action taken by both client and agency is warranted.

## Evaluation categories (To be completed by Client)

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- **Account People/Staffing:** Are the people working on the account responsive? Do they take initiative? Are senior-level people from the agency involved on an ongoing basis with the client?
- **Budget/financial accountability:** Is the account team smart with your money; do they keep detailed records of the work being done? Are invoices clear and charges appropriately itemized? Do activity reports clearly reflect the level of billing for that particular billing period? The involvement of procurement (or strategic sourcing) managers has increased the need for scrupulous attention to the financial aspects of the account.
- **Communication (w/client):** Does the agency team proactively and regularly contact the client about the status of projects? Is there conversation in off-hours about the status of the relationship on an ongoing basis? Having an accurate pulse of the relationship and knowing the status of programs and initiatives means having regular meetings, email exchanges and phone calls. Conducting evaluations help formalize the relationship and supplement the informal communications.
- **Creativity/ Strategic Initiative:** Firms should help clients think differently about their world, which means introducing new and innovative ideas. This is an area that can be a real differentiator among agencies. More clients are seeking a “higher-order” of thinking; they want creative solutions that will support their pursuit of key business objectives. Among questions to be asked in this area would be: Does the agency bring new thinking and new ideas to the client on a proactive basis? Does the agency provide the client with new perspectives in looking at an issue or challenge?
- **Ethics:** In an era of increased demand for transparency and disclosure, achieving a comfort level with your firm’s ethical framework (and vice-versa) is important. Questions in this area would include: Is the agency open and transparent in its dealings with the client? Does the agency surface bad news quickly? Is the agency clear about what it is charging the client and for which activities? Does the agency understand the client’s values and priorities and work to comply with these?
- **Integrated/Collaborative approach:** Working effectively with other groups, whether with the ad agency on an integrated marketing campaign, or with other parts of the client organization (i.e. sales), the ability to collaborate effectively is essential.
- **Knowledge of client organization; industry expertise:** Understanding the client’s business is one of the ‘costs of entry’ in most client/agency relationships. In this area, the agency will want to probe what the client thinks of its industry knowledge, knowledge of the client’s specific business and whether this experience and knowledge translates into tangible insights that are of value to the client.
- **Measuring Results:** Does the agency insist on its performance being assessed through clear metrics developed at the beginning of the relationship or year? Are the metrics for assessing agency performance clear and easy to use? The demand for accountability by clients is ever-increasing in public relations. Fortunately, there are several sophisticated tools available to measure and evaluate the bottom-line value of public relations campaigns. Clients and firms should work together to set measurable objectives at the outset of the engagement. (See the Council’s “Measuring the Impact of Public Relations on Sales” booklet).
- **Program Development and Execution:** In addition to developing relevant and creative programs, does the agency follow-through and complete projects as promised? Do projects come in on time and on budget? Is the amount of rework, revisions or editing of materials minimal or extensive?

- **Relationship/Collegiality:** How well the account team interacts with the client is intangible and therefore hard to measure; but how comfortable the team/client is essential, and can help if things hit a rough patch. One thing in particular to probe for in this area is whether the client believes that the relationship with the agency is a true partnership, where goals are mutually shared between the two parties.

**Third Parties:** Sometimes the firm and/or the client draw on outside resources and enlist third parties to help manage the evaluation portion of the relationship. Hired consultants can bring an outsider's (objective) perspective, in addition to their own set of tools. For example, a firm may use an outside auditor to create a "gap analysis" (a popular business assessment tool that enables a company to compare its actual performance with its potential performance, providing it with insight to areas which have room for improvement.) The gap analysis is effective at addressing such questions as: Are we achieving agreed-upon goals? Are our priorities for the relationship consistent with the client's priorities and if not, where are the gaps? How does the client rate our work vs. how we rate our work? Is the client getting value for the money?

The Six-Sigma is another methodology that is sometimes used to determine if there are gaps that need addressing, or identify where there is room for improvement. Six Sigma is not unlike a gap analysis; according to one of the earliest corporate adopters: "Six Sigma is a methodology to manage process variations that cause defects, defined as unacceptable deviation from the mean or target; and to systematically work towards managing variation to eliminate those defects."

In today's marketplace, firms cannot afford to simply be "good enough" in the eyes of their clients. Providing insight, creativity and engaging in proactive relationship management that stresses accountability are smart ways to develop and sustain a loyal client. This document was designed to help firms and clients achieve those goals.

## **The Council's Work with Clients**

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One of the Council's primary missions is to establish a more consistent model for good commercial relationships among public relations firms and their clients; evaluating the relationship is a critical part of that process. The CAC has developed other standard documents such as Agency Client Agreement, Authorization to Begin Work, the Conflict and Exclusivity Guidelines, Employee Agreement or Agreement of Ethical Standards, Third Party Confidentiality Agreement and Potential Client Pitch/Joint Venture Submission Agreement. We encourage Council members, clients and non-member firms to use these as guidelines.