

MRS CONFERENCE 2007

CLIENTS AND AGENCIES – FROM RELATIONSHIPS IN CRISIS TO POWERFUL PARTNERSHIPS

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SUMMARY

The whole issue of the relationship between clients and agencies is a conundrum – full of contradictions. On the one hand, clients generally bemoan the lack of high level value delivered by their agencies – but on the other the research industry has kept on growing suggesting that clients can't be that unhappy. There are some wonderful examples of individual relationships – but at the corporate level the biggest agencies in particular are seen as delivering less and less of a value added service.

For years different figures within our industry have looked at different aspects of these relationships, but in truth they have usually only scratched the surface and never got to its root causes.

In this paper we seek to explain how and why this situation has arisen as the conclusion is that the clients' perspective is an accurate one – that the value delivered by research agencies has generally fallen. But we will also seek to map out how it can be changed.

But in doing so, we will also highlight a serious structural problem that could have major implications for our industry. Indeed it will raise the spectre of perhaps having to abandon our claim to be a profession and having to accept we are just that – an industry.

THE PROJECT

The views and results given in this paper are the result of a project run by the Customer Insight Forum to specifically examine and understand the issues around the relationships they have with a whole mix of 3rd party suppliers. These suppliers include marketing consultancies, data processing and mining companies, those offering market and competitor intelligence services, and of course market research agencies.

But in the field of customer insight, two things quickly emerged. First, and as expected, by far the largest proportion of work and relationships were with market research agencies. But second, it was apparent that the majority of issues that needed to be addressed were common to all types of supplier. Therefore, for practical purposes, it was agreed with all Forum members that the project should focus exclusively on the relationships with market research agencies. This would make it possible to explore issues in more depth, without the constant diversion of allowing for the largely minor differences between supplier industries. But it was also felt that little would be lost through this approach as the lessons learnt would almost all be directly applicable to all types of supplier.

There are now 25 Forum members, ranging from Barclays to GlaxoSmithKline, and from Vodafone to Tesco. All are major organisations with sizeable budgets and insight teams. All actively participated in the project, as did 12 UK research agencies, including 9 of the top 10 by size in the UK.

The project work included desk research, and examination of the types of relationships in other industries. For example, we looked at classic advertising agency relationships as well as those with management consultants, accountancy firms, direct marketing suppliers and also suppliers of goods rather than services. With members of the Forum, interviews were conducted not just with members of the insight team, but also with procurement, and with others in the wider marketing department. Interviews with research agencies were all conducted at the CEO/Director level.

But a key part of the project was two whole day workshops devoted to these issues. The first involved just the Forum members where they examined different types of relationships, and specifically worked on specifying exactly what it was that they wanted, but were not necessarily getting from their agencies. The second workshop was then attended by the Forum members but also by all 12 participating agencies. It was at this second workshop that it became clear that there was broadly common understanding of and concern about the problems, but also unanimity in the desire to address them.

THE CLIENT VIEW

THE OVERALL VIEW

In general, there seems to be a feeling of frustration amongst clients. Whilst there are certainly examples of good agency relationships, and high quality work being delivered, the general view is that of lack of strategic, thought leading value. Whilst clients will acknowledge that they often want that high level input thrown in for free, all as part of a package, the overall feeling is that agencies fail to deliver at that higher level, even when the client is willing to pay.

HOW CLIENT-SIDE HAS CHANGED

One thing is certainly true – that the demands being made by clients have changed and are continuing to change. This inevitably reflects the demands being made of the client-side insight teams are growing and are coming from ever wider parts of the organisation.

The reasons for the changes could form the basis for a completely new paper, if not a conference, but they can be summarised as follows:

- The scope for building competitive advantage through the different layers of cost reduction and pricing (e.g. through off-shoring, supply chain management, process engineering etc) has diminished as the major gains to be had in each area have mostly been exploited, leading to customer insight becoming an increasingly valuable source of advantage.
- As companies have merged to form ever larger global corporate structures, they have inevitably become more distant from their customers
- But the volume of information potentially available about customers has mushroomed

- And a growing number of companies have begun to demonstrate how their use of this data, and a culture of getting ever closer to the customer, can deliver great financial benefits
- Meanwhile headcounts have been cut, many strategy teams have disappeared, the pace of change and delivery has accelerated, hence pressure on individuals has increased
- All at a time when the rate of change in customer behaviour, influenced particularly by the internet, and consumer self-empowerment, has never been greater.

For these reasons, companies have at last recognised that they have to do much more than pay lip-service to truly understanding their customers. They recognise the importance of this and are therefore demanding more and more from their insight teams in terms of real insight and understanding.

In real terms this has meant that client-side insight teams are spending less and less time simply managing research on a project by project basis, and instead are being asked more and more to draw together, often at very short notice, bigger pictures of overall customer needs and behaviours drawn from multiple sources.

WHAT THEY WANT

This change in environment has inevitably changed what clients therefore want from their agencies. With so much more time being spent managing internal stakeholders, it gives agencies the opportunity to deliver added value deliverables which can be taken into the business by the insight team. And they would call it “Partnership”. But the issue has so often been around what that actually means.

What clients actually want from their agencies is for them to:

- Understand them as a business, and therefore the implications for their business of results from research
- Understand their whole industry and therefore be able to put recommendations in context
- Have the commercial awareness to be able to identify the feasible actions that will bring greatest benefit to their client’s business
- Be able to communicate results effectively, persuasively and concisely to a commercially savvy client audience
- Bring together information from many sources to be able to build bigger and more comprehensive pictures.

And yes, of course, they want everything faster and cheaper just the same as all customers for all goods and services. But the difference now is that clients are recognising that perhaps they have been too effective in pushing for everything faster, cheaper, and often on a geographically much wider basis, and in the process they have lost many of those other higher level skills that are listed above.

WHERE THEY GET IT

But was it a picture of total doom and gloom? No – of course not. There were many examples of exemplary suppliers and great personal relationships. But what was interesting was where the clients were getting those great services. What it all came down to was individuals, and more often than not individuals in small agencies.

It was surprising how often, when we asked the Forum members if they had any agencies they felt fulfilled a truly advisory role, and gave an invaluable service, that they responded that they had at least one. But then that one great relationship was typically with one, senior, very experienced researcher, often in a smaller agency and almost always MD or Director. In fact, so often we found that those individuals had learnt their trade working their way up through the larger agencies, but then become frustrated or simply seen the opportunity to branch out on their own. But in moving to their own agency, or to a small existing agency, even as MD or Director they were then spending most of their time working directly with clients.

This is not to say that such relationships don't exist with larger agencies – they certainly do. But they are the exception and not the rule, and always the relationship is with the individual and not necessarily the agency. In almost all cases, it was felt that if that individual were to cease working on their account for any reason, then it would call into question the overall relationship with that agency. And if the individual moved elsewhere, then there was a significant chance that the work would move with them.

THE PROBLEMS THEY HAVE

The problems that client-side insight teams have are partly problems of their own, and partly those with agencies.

The changes in demands on client side have been challenging for insight teams. They have had to shift from being primarily project managers responsible for getting research done on time and to budget, to being much more multi-talented and commercially minded individuals playing a much more proactive role in bringing information together, extracting insights from it, and ensuring that it is being communicated effectively and being applied within the business. This change has not been without its problems, and most will admit that there are many within their teams who still need to acquire new skills to truly meet the demands being placed upon them.

But as a natural reaction, they are also looking to their agencies to try to help them meet their demands and they are looking for those same commercial skills that they are having to develop. Unfortunately, their perception is that agencies are actually going in the opposite direction from the one they need i.e. the researchers being fielded to handle their accounts are becoming more junior, and more project management focussed at a time when they need greater intellectual input and experience.

THE AGENCY VIEW

WHAT THEY WANT

When you talk to agencies about the kinds of relationships they want with clients, there is a very similar theme that runs through what they say they want and what clients say they want – “partnership”.

And in terms of what they want to deliver through those partnerships, they will talk about clients trusting them more, and sharing more with them, so that they can provide a higher value service. So, on the surface, everyone wants the same thing.

But then there is another side to what agencies want. They are commercial organisations so of course they have to make money. Their primary aim in providing

higher levels of service to their clients is of course so that they can both charge more for their services, and, through providing a great service, win larger chunks of business from their clients. And there is nothing wrong in that, and if it can be made to work then there should be a win-win situation for both clients and agencies.

THE BARRIERS IN THE WAY

But just as clients overall feel frustrated with their agencies, it seems there is a similar frustration amongst agencies. They feel there are too many barriers in the way to allow them to provide the kind of service that clients want in a way that makes commercial sense for them. So let's look at some of these barriers.

Lack of Clarity

The first barrier, and something admitted to by most clients, is that there is a lack of clarity. Clients are usually very good at specifying research that they want done – but not much beyond that.

Instead, an agency has to make a judgement on what allowance should be made for higher level thinking, interpretation and delivery. But the problem is that if the higher level services are stripped to the bone in order to deliver a more basic, faster cheaper service, then the agency runs the danger of being criticised for not “going the extra mile” or else having to do all the extras but without being paid. However, the opposite risk is that if an agency builds in suitable time and resource to provide for higher level input if it is required, then there is the danger of being beaten to the contract on price.

The request is therefore a reasonable one – be clear about what you want and we will bid on that basis. It will create a more level playing field, and make it more likely that clients will actually get the level of service they require.

Always Faster and Cheaper

This linked to the previous issue of clarity. If it really is the case that research must be delivered faster and cheaper, then be clear on why and what benefits that brings. But recognise that faster and cheaper must then necessarily mean less thinking time and intellectual input. As such, higher level services will suffer, and clients need to understand the impact that this has.

Procurement Destroying Margins

And the final link in the chain is the ever growing involvement of procurement teams. Very often it is because internal insight teams are not clear on exactly what they want in terms of higher level services, that procurement departments, particularly those that haven't become involved in depth in the needs of an insight team, will inevitably go out and buy research as a commodity, based on speed and price. In those companies where the involvement of procurement departments is seen as wholly negative (by agencies, and sometimes by the insight team themselves), it is always because they don't understand the needs and the insight team have not taken a lead in specifying what they really want. In companies where procurement has had a positive influence it has often been because that procurement department have been the ones to drive the process of clarification.

THE ROLE OF PROCUREMENT

The subject of the involvement of procurement departments in the purchasing of research has raised much heated debate over recent years. In the eyes of agencies it has been almost wholly negative. But in the eyes of clients there are mixed views – dependent upon the relationships they have with their procurement colleagues. For some it is a wholly positive relationship with procurement giving useful advice, but, interestingly, typically then taking a back seat role and letting the insight team get on with commissioning research as required. Where the relationship is seen as more negative it is typically because there really isn't a relationship – instead procurement does not understand the requirements of research and simply tries to buy research the same way it buys widgets. In these cases procurement seems to take a much more active role, and it is therefore in these cases that research agencies get to see the procurement departments, and so often get a negative experience.

In the end it would appear that procurement departments in different organisations are at very different stages in their own development. It was therefore very helpful in our project to have the input of Jim Shearer from the Strategic Sourcing department at Coors Brewers. The following sections are a summary of his input as presented to the joint agency/client Forum workshop.

CURRENT STATUS

Procurement has a vital role to play in any organisation. The success of any business is inevitably dependent (among other things) on the control of input quality and costs. And in recent years procurement practice has developed significantly to look at the whole supply chain.

Procurement has developed through a series of stages:

- **Buying** – seeking competitive bids to ensure competitive pricing.
- **Purchasing** – actively managing volume buying to maximise discounts.
- **Procurement** – understanding relationships between customers and suppliers in order to prioritise where savings should be sought or value maximised.
- **Strategic Sourcing** – extending that understanding to the whole supply chain in order to identify and eradicate waste.

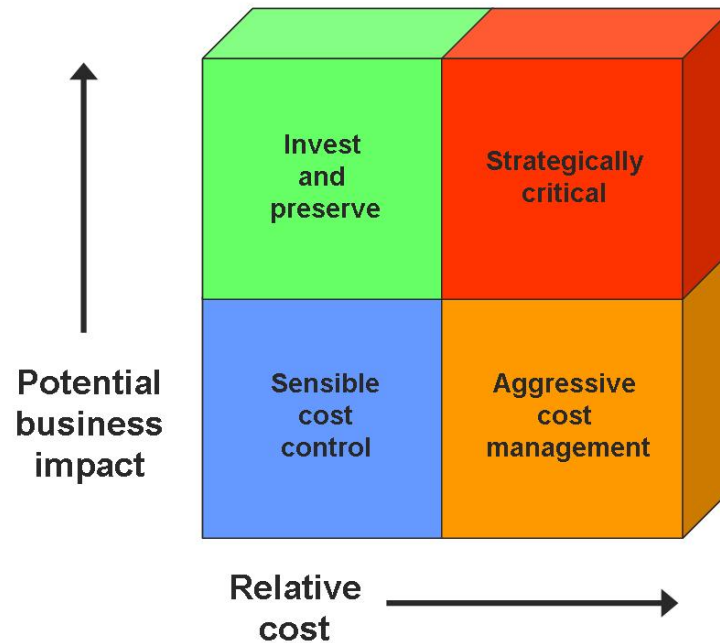
Or put another way, procurement departments have been moving from “beating suppliers over the head” to treating costs as “investment in external resources” and seeing suppliers as an extension of the business with a recognition that everyone needs to make sensible margins.

Perhaps what agencies tend to see is the procurement departments that are lower down in their development curve. But in the more enlightened departments they have taken time to understand research as an industry, and to understand the overall value that research can deliver to an organisation. It is in these cases that they have tended to acknowledge the expertise of insight teams and leave them to develop relationships with key suppliers, but providing help where it is required (typically in contract negotiation and in dispute resolution).

ADVICE ON UNDERSTANDING TYPES OF RELATIONSHIP

But one aspect of the procurement approach that is especially helpful in developing first class client-agency relationships is that of analysing the types of relationship that are most appropriate. To do this they look at the relationship from their side as buyers and from the point of the supplier.

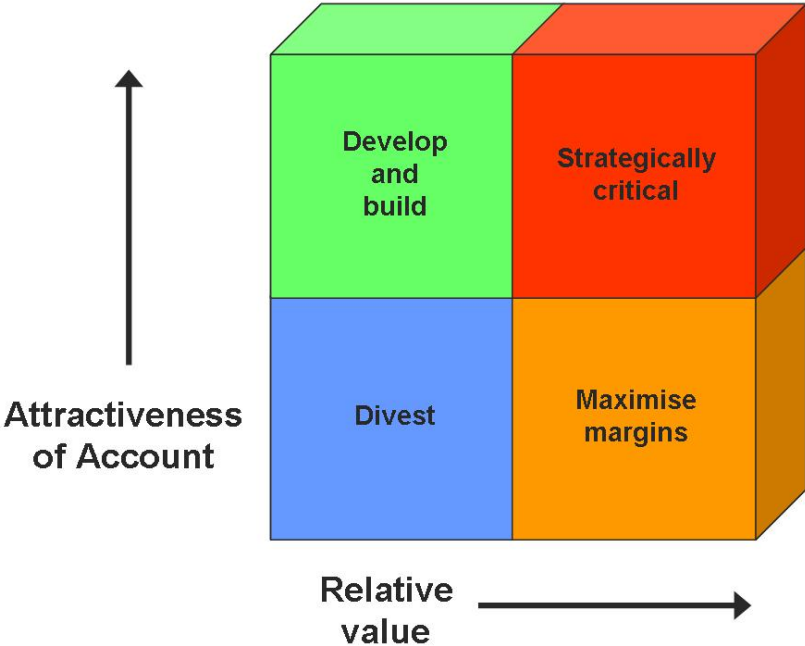
From a buyer's point of view a relationship can be categorised using the following matrix:



In a research environment, the kinds of roles and projects that might typify each quadrant are:

- Bottom left – small ad hoc and tactical projects. Because of their size they don't require heavy handed procurement muscle.
- Top left – the kind of ongoing relationship with a qualitative agency or individual who has specific industry experience of great value. Typically there is a partnership here, but it is a partnership with an individual rather than with an agency. The benefits of driving down cost would be small, but the value is high so this is a resource to cherish and preserve.
- Top right – the situation where one agency might be undertaking a series of large, strategic, linked projects over time, with very high business value. This is where the word "partnership" with the agency should perhaps be used. It is a high cost relationship so that has to be managed sensibly, but it is high value so it is worth investing to develop the relationship to deliver maximum value.
- Bottom right – large and expensive projects which are tactically needed but not necessarily critical. These are ones that any one of a number of agencies could probably do well – and so, as switching may not be too difficult, this is where procurement will (rightly) aggressively manage to minimise cost. Many trackers might fall into this category.

Most clients involved in this study have found that it is not too difficult to place their various agencies in these boxes and hence decide where to invest in relationships. But that decision must depend on the view from the other side – as shown by this matrix:



It has to be accepted that a relationship takes two. So suppliers will also take a view on where to invest their time and resource. Agencies should plot their client relationships in this type of matrix too. Clearly the most valuable, important and ultimately successful relationships will be developed where both client and agency have the other in their top-right segment. Many relationships fail because there is a mis-match in mutual value.

The lesson from this, and one that a number of procurement departments have successfully taught their insight colleagues, is that both clients and agencies must make an honest appraisal of where their relationships could and should potentially sit. It is not a case of always trying to build this ubiquitous thing called “partnership”. Sometimes, it should be accepted that a relationship should simply be transactional and based on sensible cost management – or indeed, sometimes that they should not actually do business together at all.

But they would also question the use of the term “partnership”. A true partnership is where both parties intrinsically make decisions that are for mutual benefit, i.e. one would never intentionally harm the other. To get to this place the biggest barrier is akin to a “trust stand off” where someone has to make the first move to demonstrate their commitment to the partnership as described above. For example, at what point does a client trust that an agency’s price increase is true and fair? This is often the first adversarial barrier to overcome.

A POSITIVE RELATIONSHIP WITH PROCUREMENT

There were many examples of good working relationships between insight teams and their procurement colleagues – sometimes as a result of an enlightened approach by procurement, but sometimes also through a proactive approach by the insight team to bring them on board.

Whoever led the relationship, the kind of behaviours that were common in all cases were:

- Detailed induction of the procurement department into the workings of the insight team and the processes involved
- Involvement of procurement in preparation of typical briefs
- Attendance of a member of the procurement team at a sample of agency pitches and also final debriefs

The result of this approach is typically that the procurement team provide very valuable advice to improve existing services. But they do so from a standpoint of understanding that much of the value of research comes from the intangible side of interpretation and experience which must therefore be allowed for in the procurement process. However, one warning given was that in many procurement teams it is common practice for team members to routinely rotate their responsibilities, and if that happens then the insight team must be prepared to regularly invest time in building relationships with new colleagues.

AN OVERVIEW OF THE CURRENT SITUATION

From the client's point of view it can be summed up in two quotations. Typical of the best would be:

"It's all down to the person. They understand our business, and the role of our team within it. They are proactive, thinking ahead. They are innovative, responsive, flexible – and they listen!"

Whilst all too often were comments like:

"They just deliver the data – in the end it is us who have to work out what it means."

Classic criticisms of agencies would be:

- Large projects passing to juniors who don't have business understanding
- Insistence on delivering everything – valuable or not
- Content let down by stupid errors and typos
- Response to a problem is to sell a product
- Lack of understanding of how research products work, and where the pitfalls are
- Peak enthusiasm at the process stage – but haste to get it over with at the end
- "Industry expert" actually only means expert in fieldwork in that industry
- Lack of real commercial awareness

And classic criticisms of clients would be:

- All the pressure is for faster and cheaper
- Everyone says that they want high value input but no-one is prepared to pay
- Requirements beyond technical research ones are usually vague
- Variable skill levels
- Protectiveness over internal information and access to internal clients

Whilst there are always exceptions, the best relationships are always linked to specific individuals, and the best input typically comes from the smaller agencies where the top people have more direct client involvement.

And the observation from the authors would be that agencies typically fall into one of two types:

- **Research and process focussed** – passionate about the quality of their research but accepting that good client service and account management is a necessary part of the job
- **Account and issue focussed** – passionate about their clients and their clients' issues but accepting that quality research is a necessary part of the job.

Our observation was that most agencies, particularly the large ones, fell into that first category. As such they tended to be more project and methodology focussed, and failed to provide the kind of commercial input their clients need.

But the real problems faced in the classic client agency situation are those so clearly described by the procurement view of relationships. Many agencies are seeking relationships that would be in the top right of their quadrant – i.e. high revenue and highly attractive. That is most likely to happen if what they offer places them in the top right quadrant of the client's relationship matrix i.e. strategically critical. But the observations made by the authors would be that for most clients in the Forum, the majority of their relationships are in the other three quadrants. They will have a number of agencies in the bottom left – for cheap and cheerful and for specialist tasks. Their key advisory relationship will be with an individual, typically in a smaller agency, so whilst high value it will be relatively low expenditure (top left quadrant). And their major spend will be on trackers that occupy the bottom right quadrant. Only rarely are they actively seeking and finding the kind of relationship that would be classed as strategically critical.

So the real question is whether these strategically critical relationships are not happening because actually clients don't need them, or is it that they don't perceive the agencies who undertake the largest elements of their work as being able to provide the level of advice that would place them in such a high value position. The danger is, therefore, that agencies become data providers in the bottom right hand box, and that consultancies fill the gap in the top right hand quadrant.

THE REAL PROBLEM – INDUSTRY VERSUS PROFESSION

As the project approached completion, the issues became much clearer. And as the services of research agencies were compared to the likes of consultants and others who had much greater influence within client organisations, a question emerged that encapsulated the situation we face:

“Is research an industry or a profession?”

When this question was posed, without detailed explanation, at the joint client agency Forum workshop, the result was that a majority believed that research was currently an industry, but the majority believed it should be a profession. This result was mirrored by an ad-hoc survey undertaken amongst attendees at this year's Insight Show.

There could be lengthy debate over the precise definition of each, but the essential characteristics of professions and industries could be summarised as follows.

A classic profession, such as the law or accountancy is:

- Based on intellectual skills of the professionals
- The career aim is to be an ever better practitioner (often a partner)
- The professional is a top fee earner
- Others in the team are there to support
- Professionals are often poor managers
- Clients buy on the value of advice or skill
- The typical structure is that of a partnership
- Partners rarely move between firms
- Rewards are divided between those partners
- Organisation growth is horizontal – with increased business demanding more partners
- Increased earnings come from high value and hence high fees

Whereas an industry, covering most types of goods and services, is:

- About selling goods / services, and not the skills of seniors
- The career aim is typically to rise up management hierarchy
- Staying doing the same thing means little progression
- Money is earned through the labour of those at the bottom
- Managers' aim is to de-skill and automate wherever possible to reduce cost of production
- Customers often buy on price
- The typical structure is limited company or plc
- It is owned by shareholders. Managers have no or minority equity
- Organisation growth is like a pyramid – more production at the bottom, minimum overhead at the top
- Increased earnings come from volume growth

So what are the characteristics of market research?

As a Profession

- It is “fact based consultancy”
- Clients want “value-added”
- They buy that value-added based on the individual
- Smaller companies fit the model better as directors are more likely to be heavily involved with client needs and projects

As an industry

- Most of the money goes on fieldwork and process
- Aim of process management has to be speed and efficiency
- Major agencies are shareholder owned and driven

Based on these, what becomes clear is that, from a client's point of view, they need elements of both industry and profession. But when looked at from the agency point of view, the structure of research agencies, particularly the big ones, has been to follow the model of industries and not professions.

There is no doubt about what researchers as individuals aspire to. There was unanimous agreement amongst clients and agencies at the joint workshop that

researchers want to offer the services of a profession, giving first class advice and influencing clients at the highest level.

However, what has happened over recent years is that agencies have grown through merger and acquisition, and shareholder pressure has led to a desire for low overheads, and with the most senior people focussed on management and not direct client involvement.

THE HISTORY – HOW DID WE GET HERE?

This analysis should not be taken as a negative one. The research industry has been remarkably successful, and promises to continue to be so. However, for a range of historical reasons we have arrived in a situation that does not match current market requirements. We simply have to accept it, understand it, and then address it.

So in order to understand it, it helps to look at how the situation has arisen. And the best way to do so is to draw on an excellent paper written by Simon Chadwick (ex-NOP World, and now IJMR) and published in the International Journal of Market Research, Issue 4 2006. In it Chadwick describes how market research began some 80 years ago with Nielsen and Starch. Both were consultants, providing high level management advice, but introducing to the process the idea of basing their advice on hard data derived from consumer research.

Essentially, their approach proved to be the right one and it generated huge demand for the full range of market research services. As the volume grew it therefore demanded more and more specialists to manage and control it but demand for data outstripped the demand for the professional advice. So the industry growth was driven much more by data production than by the kind of advice provided by Nielsen and Starch. It is for this reason that the industry did not adopt the classic structures of the main professions.

As time went on, agencies grew, and then the demand for global reach and consistency simply accelerated the process. Chadwick's paper describes the consolidation of the industry, and quotes various statistics, amongst which was the fact that in a 10 year period up to 2003, just 7 major companies (including the likes of TNS and Kantar) acquired 156 research firms.

Chadwick's paper then goes on to describe how this has affected the product portfolios and services offered, but also how this has in many ways been seen in a negative light by clients. What his paper does not specifically identify, but which seems to be something that many anecdotes within the course of this project has shown, is that in numerous instances, when research firms have been acquired, the most senior (and therefore experienced) owners and managers have only stayed with their new parent company for a limited period. In the case of owners, they are often required to stay for a set period as part of the buy-out, but after that many have moved on, only to then set up again as a new, small agency. This then explains why, so often, clients today say that their best agencies, when it comes to high level advice, are the smaller ones.

But why has the demand from clients taken a new direction? If demand for data was the driver that created our current industry structure, why have clients shifted back to wanting more and higher level advice based on that data?

The answers to that could form another paper in its own right, possibly even a conference. But to summarise them they are:

- The need to understand the customer has at last reached to top of managements' agenda in their drive to improve performance. Despite lip-service to customer needs, over the last 100 years almost all step changes in industrial success have come from measures to drastically reduce costs, the last of which being the new approach to supply chain management. But now companies such as Tesco are demonstrating that expert use of the many newly available data sources (in their case Clubcard) can generate huge returns.
- The last 10-20 years have seen an explosion in the amount of information available, meaning that line managers no longer feel so able to draw their own conclusions from data supplied. They now need the skills of professional insight experts to be able to exploit that information to the full.
- Accelerating staff churn in marketing departments means that those making key marketing decisions are now much less likely to have years of accumulated knowledge about their markets as they used to.
- The fact that there are fewer senior managers, with less time, and therefore requiring more "spoon-feeding" of reliable and easily digestible insight
- The exponential growth of the internet is changing consumer behaviour faster than at any time in history, therefore demanding ever better understanding of customer needs.

For the research industry (for industry is what we are) it simply means we have to recognise the change in demand for our services and respond to it. Our structure may not be ideally suited to the new requirements, but the problems we face are not without precedent. There are plenty of shareholder owned companies that have recognised the need for appropriate reward structures to attract and retain high level staff. IBM, in buying PriceWaterhouseCoopers were taking a classic partnership structured firm and bringing it into a shareholder owned structure. And a recent article about the merchant banking firm, Goldman Sachs quoted;

"Goldman's may be primarily a money-making outfit - and a prodigiously good one at that - but it does its best to encourage its employees to think in the long-term. Even after its stock market flotation in 1999, long after most banks had sold themselves to investors, it continues to have a partnership structure which encourages people to think beyond this year's bonus. Beneficiaries of large pay-outs often re-invest their emoluments with the firm. Motto: it pays to stay with us"

THE ANSWERS

So the real question that our industry has to address is whether we can overcome these structural problems in order to act, and deliver high value services, like a profession. That would deliver powerful partnerships rather than relationships in crisis.

What the final answer will be is open to debate. There is one argument that says clients' needs may best be met by a research industry that really is focussed on data production, and by using management consultants to provide the advisory side. Others would argue that intimate involvement with the data is a pre-requisite for truly understanding it and therefore the research industry should simply develop a consultant-like layer over the top of its existing excellent data provision capability. Perhaps it's a mix.

But whatever the final outcome, there are measures that can be taken by all involved to help drive the transformation.

CLIENTS

Client-side insight teams are themselves going through a transformation. They are responding to their own internal demands and having to develop much better insight management skills. As part of this process, Insight Directors are being appointed at higher levels, and team recruitment is now drawing from a much wider background than simple research.

But the single step clients can take to help them get the kinds of services they need is to become much clearer about what they actually want. Their briefs should not just outline a business problem and therefore the kind of research that is required. They need to address:

- How much business and industry knowledge they actually need applied to the problem
- The requirements for onward communication of results within the organisation in order to drive decision making
- The seniority and experience of agency staff required in order to support that onward communication process in a credible fashion.
- The level of commercial interpretation that is needed to address the core business issues
- The creativity and/or intellectual input to be applied to the problem
- The requirements for merging results with other data sources to place results in context and build bigger pictures
- The style of team and relationship needed to create a partnership if that is required

In other words, clients must go beyond simply specifying research. They must specify where complete solutions are required. By so doing, it will allow agencies to assess whether they can genuinely provide what is needed or whether they need to develop capabilities that are currently lacking (either through internal development or perhaps through partnering).

In the end market forces will then drive the development of the best structures for meeting those needs. And it will force clients to decide how much they are prepared to pay for those services based upon the value and benefits they deliver.

This will also help to solve any current problems with procurement departments as they will then be in a position to buy on a full specification instead of simply buying research “by the yard”.

PROCUREMENT

Enlightened procurement departments already buy on the basis of value and not just cost. But they can help the process of development by reciprocating with their insight colleagues and demanding greater clarity of specification.

AGENCIES

It is perhaps the agencies that have the hardest tasks, and the large agencies in particular. They must look at their current business model and ask themselves what it would take to change their structure in order to deliver a sustainable consultancy-like service, but they must also ask themselves whether they actually want to. For some, they may conclude that there is more money to be made by concentrating on efficient data provision, but others will have to look closely at how they develop the top end of their business.

They also need to review how they can best build, recruit, nurture and develop the commercial, communication and insight skills which clients are now seeking.

But we would argue that smaller agencies must also examine their structures. It has become the norm within the research industry for a new research company to be set up as a limited company rather than a partnership. There is also a mentality based upon the consolidation of recent years that says "Grow business then sell". Those wanting to set up on their own must start asking themselves whether they are in it for the quick buck, or because they are committed to practicing their art. If it is the latter, and they want to provide high level advice to clients then they should seriously consider adopting a partnership structure based upon growing by developing or bringing in more and more partners with the profits shared between them.

THE MRS

And finally, of course, the MRS must play a role. As our industry body they above all should be addressing the question of whether we are a profession or an industry, and exactly what that means for the future.

If this paper sparks that debate then it has served its purpose.