



Guide to Developing an Agency Advisory Council (AAC)



Association of Sales &
Marketing Companies

The food and consumer
goods connection

GUIDE TO DEVELOPING AN AGENCY ADVISORY COUNCIL (AAC)

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INTRODUCTION

Manufacturers - or manufacturer clients who sell, market and merchandise through agencies- have a unique opportunity to develop a special, consultative body called an Agency Advisory Council/Committee, or "AAC". This group has been referred to as a Broker Advisory Council or "BAC" in the past. Consisting of a selected group of agencies, these Councils have been successfully utilized to provide manufacturers with valuable information about such areas as marketing, sales, communications, administration, category management, operator management, overall supply chain management and technology. In fact, for many manufacturer clients, AAC information and recommendations have become essential to their strategic and business planning processes.

Usually, an AAC is a small, representative group of agencies selected by a manufacturer and rotated yearly on a staggered basis. Using agency member input, the manufacturer client develops and manages each meeting which usually convenes one to two times a year.

AACs may also be sponsored by software vendors or consultants. The recent success of these AACs has been instrumental in improving their products/services and their communication with agencies and the industry. For simplicity, this document will refer to the partner hosting the AAC as the client.

The purpose and structure of an AAC varies depending upon its dedicated area of focus. For instance, a tactical AAC focusing on routine issues such as business plans or trade promotions may consist of field personnel while a strategic AAC concentrating on critical, long range topics like compensation or organizational structure may consist of agency senior management. Regardless of the focus, one of the key success factors to any AAC is a clear understanding and communication of its goals and objectives.

Integrating agency opinions, suggestions and ideas through an Agency Advisory Council can be an invaluable method of improving communications and building long-term relations between industry partners. Through a compilation of agency/client recommendations, the following guide was created to assist with the development of future AACs and to enhance the value of those already established.

DEVELOPING AN AAC – ANTICIPATED BENEFITS

Agency Advisory Councils are used by clients to develop and strengthen agency relationships while gaining valuable market feedback on current customer trends, product opportunities and market development strategies. Additionally, an AAC is an excellent method of improving communications with agencies – client’s primary sales, marketing and merchandising partner.

Clients can utilize a wealth of sales, merchandising and marketing information through an AAC. Due to their customer-specific focus and depth of execution across various trade channels, agencies possess a unique perspective of the marketplace and can provide a client with valuable, unbiased information and insight on a variety of issues such as consumer and trade promotions, operator preferences, product packaging and logistics.

In short, some of the anticipated benefits of developing an AAC include:

- Enhanced agency/client relationships and improved external communications to the field
- Unbiased feedback on current/future sales, marketing, administrative and merchandising decisions
- Continuous organizational improvement through problem solving and the ability to focus on specific issues using a cross-functional industry approach
- Increased understanding of agency capabilities and their value to manufacturers and the industry.

First, a client should determine the specific organizational needs for establishing an AAC such as improved agency communication or increased customer knowledge. These needs should be communicated through a written mission statement which may be focused on throughout the AAC as discussion limitations, the selection/communication process and structure. The most efficient use of an AAC requires an objective appraisal of the subjects that will be addressed at each meeting. For this reason, a clear understanding of an AAC’s discussion parameters should be developed in order to establish some frame work of acceptable topics.

OPERATING STRUCTURE – COMMITTEE SELECTION

In developing an AAC, it is recommended that each member represent various agency sizes, geographic areas and market sizes across the country in order to achieve an effective balance of agency perspectives. In addition, AAC members should be given the opportunity to decline an appointment due to other considerations.

Choosing agencies as a reward for recent market “success” may not always provide the most effective AAC. Market and trade class knowledge, strategic vision and consistent success are just some agency qualities which facilitate a productive AAC.

As for client representatives, if an AAC is addressing a specific issue (i.e., technology) it may be appropriate to have some of the client’s functional personnel (i.e., director of MIS) participate due to their expertise. However, it is best to limit participation to the “decision makers” or top management such as president, vice president of sales and/or marketing. Field contact or district personnel participation may inhibit many productive discussions due to their direct and more frequent interaction with members of the AAC. For this reason, it is recommended that the size and level of client representation be limited in order to foster open and candid discussions.

OPERATING STRUCTURE – COMMITTEE STRUCTURE

It is suggested that an AAC consist of eight to twelve agency members. However, if specific issues such as technology, operator management or trade marketing are scheduled to be addressed, it may be beneficial to include additional agency participants specializing in these specific issues as well. Finally, in order to preserve continuity, as well as infuse original ideas, it is suggested that agencies serve staggered terms of two to three years with new members rotating in annually.

OPERATING STRUCTURE – FREQUENCY, LOCATION & TIMING

While a client’s information needs and objectives should determine the frequency of meetings, most participants suggest holding meetings twice a year over no more than a two-day period. This schedule allows an AAC to be highly productive while not overextending the time requirements of any members.

Many clients hold their AAC meetings several months before they begin their strategic planning process. Information and recommendations from these sessions are then used to assist with future business plans. Others use joint industry events, such as ASMC’s Top to Top Conference, to hold these sessions due to their common attendance by most AAC members.

As for meeting locations, some clients prefer to designate a site which is convenient for all participants. Others believe that the meeting is a good opportunity for AAC members to tour client facilities and introduce administrative personnel. Choosing a schedule according to the preference and availability of all participants is recommended.

In general, the most favorable time for a meeting is at the beginning of the month versus the end of the month. It is recommended to consult with members of your AAC to determine the best times of the year so there are limited conflicts with such things as food shows or industry conferences. Information of the next meeting should be issued with as much advance notice as possible. Advance notice of 90 days is usually accepted as a reasonable amount of lead time for meeting communication and allows for a fair resolution of other time conflicts. Also try to avoid scheduling meetings in conflict with holidays and end of the quarter periods.

Finally, like other manufacturer methods (i.e., focus groups) used to gather information, it is strongly recommended that clients accept the responsibility for reimbursing all meeting costs incurred by the participants.

AGENDA

Establishing discussion topics in advance is one of the most important factors to a successful meeting. All involved parties should have ample opportunity to suggest topics for discussion. Some AACs request agency members to contact other agencies in their region area to suggest and give input to discussion topics. Others recommend assigning specific topics by teams or individual AAC members in order to ensure fact-based discussions or recommendations. When developing an agenda, include time for both client and agency feedback after each topic.

The agenda should be sent to all participants a minimum of 30 days in advance of the meeting. Clients should also communicate their expectations for obtaining ideas and suggestions from others in the agency organization. This approach incorporates organizational cross-functionality and demonstrates the importance of additional perspectives to the agency.

Specific examples of subjects that might be covered in AAC meetings include:

- Relations with agencies – field contact, personnel, service departments, etc.
- Selection of performance measures and methods of satisfying goals
- Pricing strategies, procedures and responsibilities
- Customer service, orders, shipments and routing
- New product testing, introduction, items and sizes
- Review/revision of sales policies and procedures
- Development and use of sales and merchandising materials
- Marketing plans, promotion and advertising
- Category Management studies and implementation
- Logistics-pallet counts, minimum weights, backhauls and packaging
- Agency incentive plans, and new methods of compensation
- Training programs and their availability to agencies
- Customer/Agency notification of shortages, back orders and saleables
- Customer/Operator trends and attitudes
- Market opportunities, resource allocation and sampling effectiveness
- Use of technology and data
- Order management systems
- Accounting and Administrative Procedures (i.e., billbacks, deductions, commissions)
- Agency services and agency specific issues

Due to antitrust and trade regulation laws, it is recommended that all AAC agendas, meetings and reports be reviewed by legal counsel.

MEETING REPORT

It is suggested that “minutes”, or a meeting report, be prepared by the client shortly after the meeting in order to capture the results of the session. It is also suggested that minutes be written in “third party” format without identification of those making specific comments or suggestions. This style permits candid, interactive discussions without fear of being taken out of context or misquoted. This third party format also affords greater ease in report preparation and inhibits focusing on any single member or organization.

To serve as the historical basis for follow-up and future discussions, it is recommended that all minutes be sent to each AAC member within one month of its conclusion. Minutes should be thoroughly reviewed to insure the correct representation of the proceedings and include each member’s responsibilities and deadlines for the next meeting. The client should also clearly communicate the level to which the minutes will be shared at the manufacturer and agency organization. Where appropriate, it is suggested that minutes be shared with the client’s agency network as well as all appropriate client personnel.

Finally, reports of past meetings should be reviewed just prior to an AAC meeting to provide an update on past issues and to prevent rehashing concluded topics.

ATMOSPHERE

In general, a rigid meeting style is not a productive method of managing an AAC meeting. A friendly, open forum atmosphere is suggested to encourage creative thinking and effective problem solving. Some clients use a professional moderator to facilitate the meeting in order to produce the greatest informational value. An unbiased third-party moderator may foster a climate that encourages fair and honest expression while providing a greater amount of valuable information for the client.

With the proper atmosphere and structure, an AAC can be a unique, economical communications forum. It encourages a free-flowing, uninhibited exchange of ideas, comments and recommendations on a level not otherwise possible and may contribute to stronger and long-term agency/client partnerships.

BARRIERS TO A SUCCESSFUL AAC

Consider these barriers to success when developing an AAC:

- Attendance of too many client representatives at the meeting
- Unless specialized topics are scheduled for discussion, limit to senior management only that have an understanding of an agency’s day-to-day operations.
- Holding meetings without specific topics, goals and objectives
- Make sure to gain significant agency input on topics and communicate any outcomes through AAC minutes.
- Failure to protect agency anonymity
- Meetings which become presentation-oriented versus issues-oriented
- Requiring AAC members to pay for their own expenses to participate
- Use of AACs as an agency incentive, social activity or a “gripe” session
- Use of AACs to obtain a favorable response on concluded issues
- Counsel with the AAC before an effectual decision (i.e., use the AAC as a “focus group” before issues are decided upon).

By design, the AAC should not be used as a group to establish support for controversial or pre-concluded decisions. In addition, it should be neither an “honor group”, a “gripe session” nor a method of exposing client personnel to agencies without leaving the office. Use of an AAC for these or other ulterior purposes is ineffective and contradicts the original purpose for such a group.

In turn, agencies selected for AAC membership should be expected to work. It is suggested that if social activities are included at an AAC meeting, they should occur prior to or concluding the official meeting. At these meetings, an agencies top priority should be to complete their commitment to the client and the AAC.

ORGANIZATIONAL SUMMARY

Establishing an AAC

Determine the need for an Agency Advisory Council
Establish and communicate the AAC's purpose through a mission statement.

Operating Standards: Selection, Structure, Frequency, Location & Timing

Develop/implement the selection criteria to meet the client's specific needs and objectives.
Determine client representatives to attend the AAC.
Determine the number of AAC members and their length of commitment.
Determine the number of meetings to be held annually.
Determine the date, length and location of the initial meeting.

Agenda

Develop and distribute a meeting agenda in advance to all participants.
Clearly explain the objectives and "ground rules" of the meeting as well as any team/individual assignments concerning specific issues.

Meeting Reports

Distribute minutes to appropriate agency/client personnel summarizing key issues and updating any progress or future plans.
Determine the communication flow to/from the AAC. Keep highly confidential information within the AAC.

KEY LEARNINGS-MANAGING AN AAC

1. Discuss and confirm the AAC's purpose. Communicate this mission before each meeting.
2. Discuss and confirm meeting and communication procedures. Assign agenda topics by teams or individual members and communicate expected outcomes.
3. Encourage open, unbiased feedback for the continuous improvement of the organization and the agency/client relationship. Defensive interaction should not be permitted.
4. Use information obtained in the AAC to assist with the strategic planning process for all parties involved.



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