

Industry/Agency Relationships Interest Group

Procurement strategies:

**Ensuring optimal outcomes and the
best value possible for all stakeholders**

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Introduction

Welcome to the first draft of our Procurement Guide. It has been a long time coming and while we think we have included most of the information that all stakeholders would be interested in, we are sure that there is more that should/could be added to make it even more valuable to all of our members. To this end, we want this to be a living document and we welcome any suggestions for adding further information and any (constructive) criticism.

How to contribute

At the end of each section you will find a free text page where you can add any thoughts or comments you would like to be considered for future editions.

Once you have downloaded a copy of the PDF, you will be able to add your comments as you go. **Please make sure you save the document as you add your comments to each section.**

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Section 1

Partnering with purpose: a guide for healthcare communications

Value added by healthcare communication agencies in the current climate



The symbiotic relationship between pharma companies and medical communications and marketing agencies in healthcare communication is integral to fostering innovation, advancing therapeutic solutions, and enhancing patient care. As the pharmaceutical and medical device landscape evolves, the dynamics between agencies and their clients are changing profoundly, influenced by evolving expectations, financial pressures, and a quest for efficiency.

A recent survey conducted by the Pharmaceutical Marketing Society (PM Society)¹ with procurement and marketing professionals revealed the unanimous pursuit for **new efficiencies to achieve savings of 10–30%**. This directive, cascading from top executives, including Chief Operating Officers (COO), shows the importance of procurement's role. This pressure to save is compounded by the substantial 26.5% NHS rebate demand on branded drug sales.

With only one drug in 5,000 successfully coming to market,² drug development is an expensive business. Having cost billions to get to market, there has always been pressure on agencies to deliver all of their work – from strategy all the way to tactical execution – as efficiently and effectively as possible. In today's climate, this pressure is even more acute.

Section 1: Partnering with purpose: a guide for healthcare communications

With the complexity of healthcare systems, nuanced cultural considerations, and the need for localisation of communication, strategies are multi-faceted to ensure the dissemination of tailored education and communication to diverse target audiences – healthcare professionals and patients alike. This means that often a number of agencies with different expertise will be involved in a single a campaign.

Agencies and procurement departments for med device/pharma companies don't understand how each other work. Globally, marketing and communication agencies operate with a net profit of 6–12%. (20 years ago this figure would have been closer to 25%).³ At the same time, 72% of pharmaceutical and medical device professionals underestimate agency labour costs.¹ This results in agencies struggling to complete work at a profit, while pharma companies think they are being taken advantage of. Procurement departments have very little time to spend with their own marketing teams, let alone agencies, meaning their interactions are often confined to issuing Requests for Proposal (RFP) or Requests for Information (RFI). As a result, neither party have time to get to know each other or understand how each other operate in depth. This is not a good place to start from for either party. Expectations for enhanced performance clash with diminishing resources, and procurement sometimes even prioritise cost saving over Return on Investment.

The only way forward is for agencies to forge stronger strategic partnerships with their clients to deliver innovation and efficiencies within limited budgets. Transparency and clear articulation of objectives, especially regarding costs, enables agencies to tailor responses accordingly. Trust and transparency from the outset nurtures true collaboration. Ultimately, it is the strength of relationships between clients and their agencies that results in outstanding campaigns, rather than the allure of a superficial pitch or response to an RFP.*

The purpose of this guide is to help agency and industry build stronger relationships. Through insights, case studies, and actionable strategies, we hope to empower you with the tools you need to forge better partnerships right from the start.

*The costs incurred in responding to an RFP – an average of £43,500 for an agency – underscore the financial implications for agencies. The time burden for numerous stakeholders on the pharma side to develop an RFP, respond to agency queries in a fair way, set up rigorous scoring criteria to review proposals from multiple agencies, as well as participating in multiple pitch meetings, must also be considered. However, these considerable expenses are often overlooked or underestimated, necessitating a comprehensive understanding of the real costs involved (including time burden for both parties).

Section 1: Partnering with purpose: a guide for healthcare communications**Section 1:** Response

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Section 2

Types of agencies and collaboration offerings



When it comes to agencies, we've all heard the words 'partner' and 'vendor' but what is the difference and which is most suitable for you?

If you have a fully considered marketing strategy and are looking to execute a one-off project, a vendor-like relationship could be suitable for you.

On the other hand, if you are looking for a more collaborative relationship, then an agency partner is probably the best option. Simply put, an agency is a specialised partner that develops and disseminates accurate, compliant, and strategically aligned medical and scientific content to healthcare professionals, patients, regulatory authorities, and the public.

With an agency partner, you can expect the level of commitment you get from your own team but without the 'group-think' that sometimes occurs in-house. A whole team of highly specialised, strategic, and creative skill sets, all in one package. In short, a partner can create agility, while helping your business get to where it needs to be.

Agency ownership structures

There are typically three types of agency ownership which can influence what the agencies offers and how they work:

1 Wholly owned by a global network

Able to provide clients with access to a breadth of expertise and work on many of the world's leading brands – not just in healthcare. If you have a broad brief, want specialist knowledge across end-to-end services, or reach across various global markets with big teams, you may want to consider one of these networks.

Section 2: Types of agencies and collaboration offerings

- 2 Partially owned or investment-backed agency or group**
 Specialise in health but still aim to provide clients with a wide range of services whilst remaining agile.
- 3 Independently owned**
 Tend to offer a specialist skillset or blend skills in a unique way compared with larger groups/networks. If you have a specific need or want something different from the more traditional agency models, this type of agency could be for you.

Agency specialisms

There are a number of specialisms that sit within healthcare communications and agencies tend to fall into one of these:

Healthcare/medical communications agencies

Create your communication strategy, making sure your customers always get the right information at the right time, and in the right format. These agencies focus on brand positioning, clear messaging, content development, and content delivery.

Medical education agencies

Build cutting-edge courses, conferences, and digital resources tailored for healthcare professionals. These agencies develop evidence-based information and educational content to ensure healthcare professionals stay updated on the latest medical knowledge, practices, and advancements.

Healthcare market access agencies

Facilitate optimal market access for pharmaceuticals, products, and services. Mastering pricing and accessibility to your audience.

Healthcare marketing/creative agencies

Boost the visibility of your brand with creative campaigns that stand out. Whether it is digital or physical, videos or events, they will help engage customers and grow revenue.

Agency skillsets

In addition to the specialisms mentioned above, different agencies offer different services, so it is important that you ensure the agencies offer the specific services you need. Below is a list of services that different agencies offer:

- Corporate reputation
- Publications
- Public affairs
- Research and data analytics
- Creative campaigns
- Brand/corporate strategy
- Patient engagement/advocacy
- Social media
- Market access
- Crisis and issues management
- Digital communications
- Sustainability/environmental, social and governance
- Influencer marketing
- Media relations
- Medical communications
- Events/congress support
- Competitive intelligence
- Brand and marketing communications

Section 2: Types of agencies and collaboration offerings

Agency regional expertise

Agencies tend to specialise in regional areas so this needs to be taken into consideration when choosing a partner. If you need expertise in the UK healthcare system you may well need a different agency from one that understands the regulatory differences between Spain and the Nordics, for example. Finding the agency with the right regional expertise is imperative.

How agencies charge

Agencies know that clients need to maximise their budget now more than ever, but quite often clients seem to be looking for the cheapest rather than the most suitable partner, which can be a false economy.

Agencies typically budget based on agreed rates and these rates depend on the level and experience of the agency team members. Hours spent are usually tracked via timesheets which are reported and invoiced alongside incurred costs.

There is a move, however, towards either fixed-price or value-based pricing models.

It is important to be aware of terms and rates ahead of any new partnership and also to be aware of the size of the team and how much of your work will be carried out by senior or junior members of the team as this will affect the budget (the make up of your team will depend on the agency size/type). It is vital to understand any limitations as early as possible to avoid this becoming an issue later on.

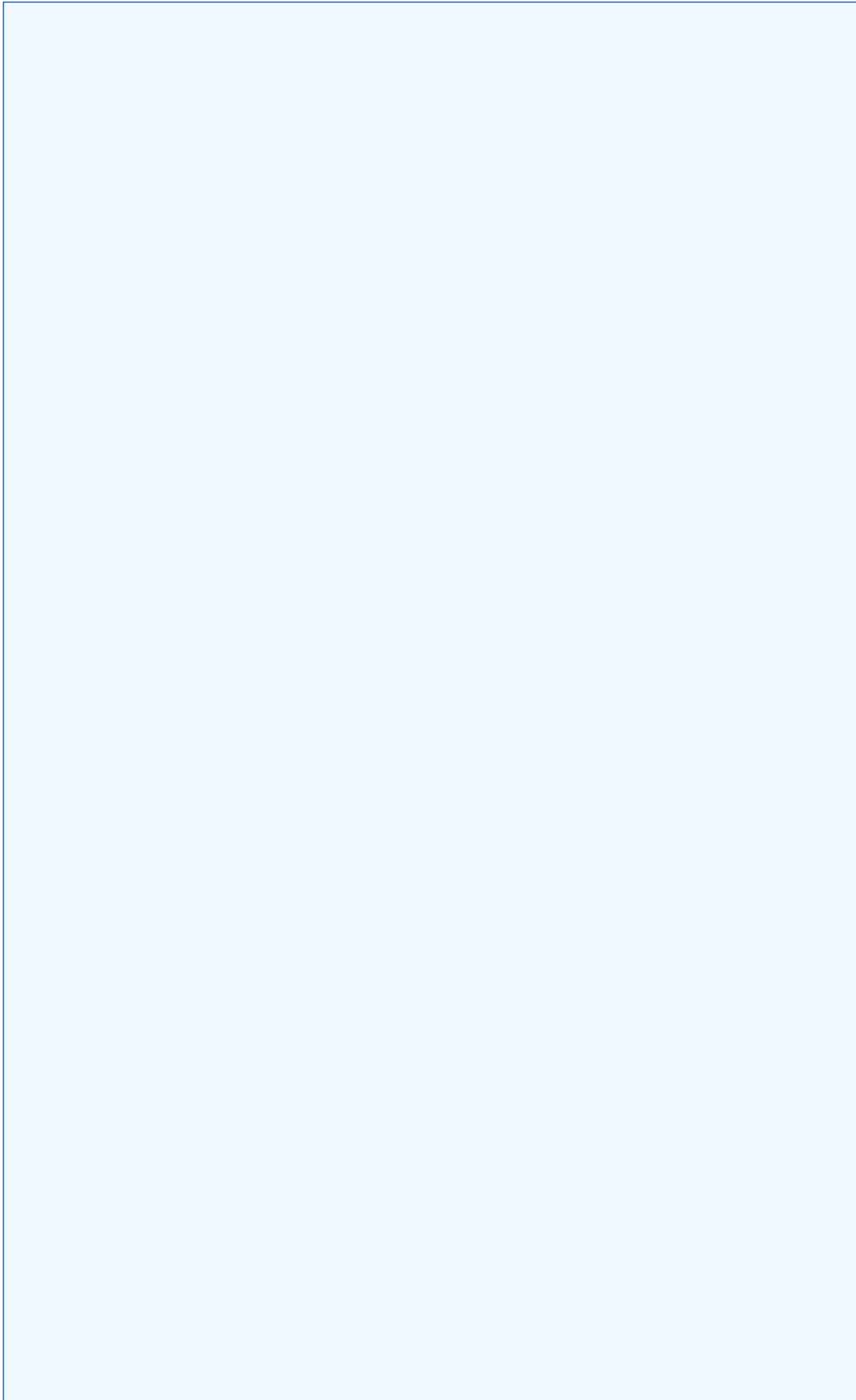
Collaboration and mutual respect is key

Some companies have in-house teams to carry out functions usually handled by agencies. These include medical writing, creative copywriting, design, and multichannel or omnichannel strategy roles. As well as saving money, working with an in-house team can mean faster turnaround times, better understanding of business challenges due to being an employee, and, at times, quality. If your organisation does have in-house teams, it is worth considering how the two teams – agency and in-house – will work together. This should also be made clear at the start of any relationship.

When looking for a new partner, it is important that the right people are involved from both sides. Client-side, this will depend on the type of work you are looking to commission (e.g., medical director, digital/omnichannel teams, etc.). Agency-side, make sure you meet individuals at director level who will set the strategic direction, as well as the team you will be typically working with day-to-day.

Section 2: Types of agencies and collaboration offerings

Section 2: Response



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Agency selection criteria



Choosing the right agency can make a significant difference in the quality, cost, and delivery of the service, campaign, or project. Choosing the wrong agency can lead to inefficiencies, delays, and additional costs. Therefore, determining your selection criteria is a critical part of the procurement process. This process typically involves evaluating agencies against a set of specific criteria. You can even allocate a weighting to each criterium. A systematic approach can minimise risk, improve outcomes, and help facilitate the decision-making process of selecting your agency.

Why have a clear model for agency selection?

When choosing an agency, the main objective is to ensure you receive the best quality work for the best possible price. Having clear agency selection criteria can improve your procurement process and the quality of proposals you receive. This is your opportunity to decide what is important when commissioning work and work out how you will assess each agency proposal. There are, of course, infinite options to include. In this section we suggest some key information to consider.

- **Understanding the brief:** How did the agency demonstrate understanding of your brief, your target market, therapy area, or customers? Did they provide evidence of strategic thinking to your challenge?
- **Team and presentation:** Assess the quality of the presentation. Encourage contact between your team and the agency to assess how the teams collaborated, if there was a good cultural fit, and if your asks were clearly answered.

Section 3: Agency selection criteria

- **Resources and capabilities:** Did the agency demonstrate that it could staff the account appropriately? Will an appropriate team be allocated (size, talent, experience)? Do they have the technical capabilities?
- **Budget and cost transparency:** Did the agency provide a clear, easy-to-understand proposal? Did the proposal represent value for money?
- **Environment and sustainability:** What are your own company ESG and DEI goals? What values do you want your agency to demonstrate?

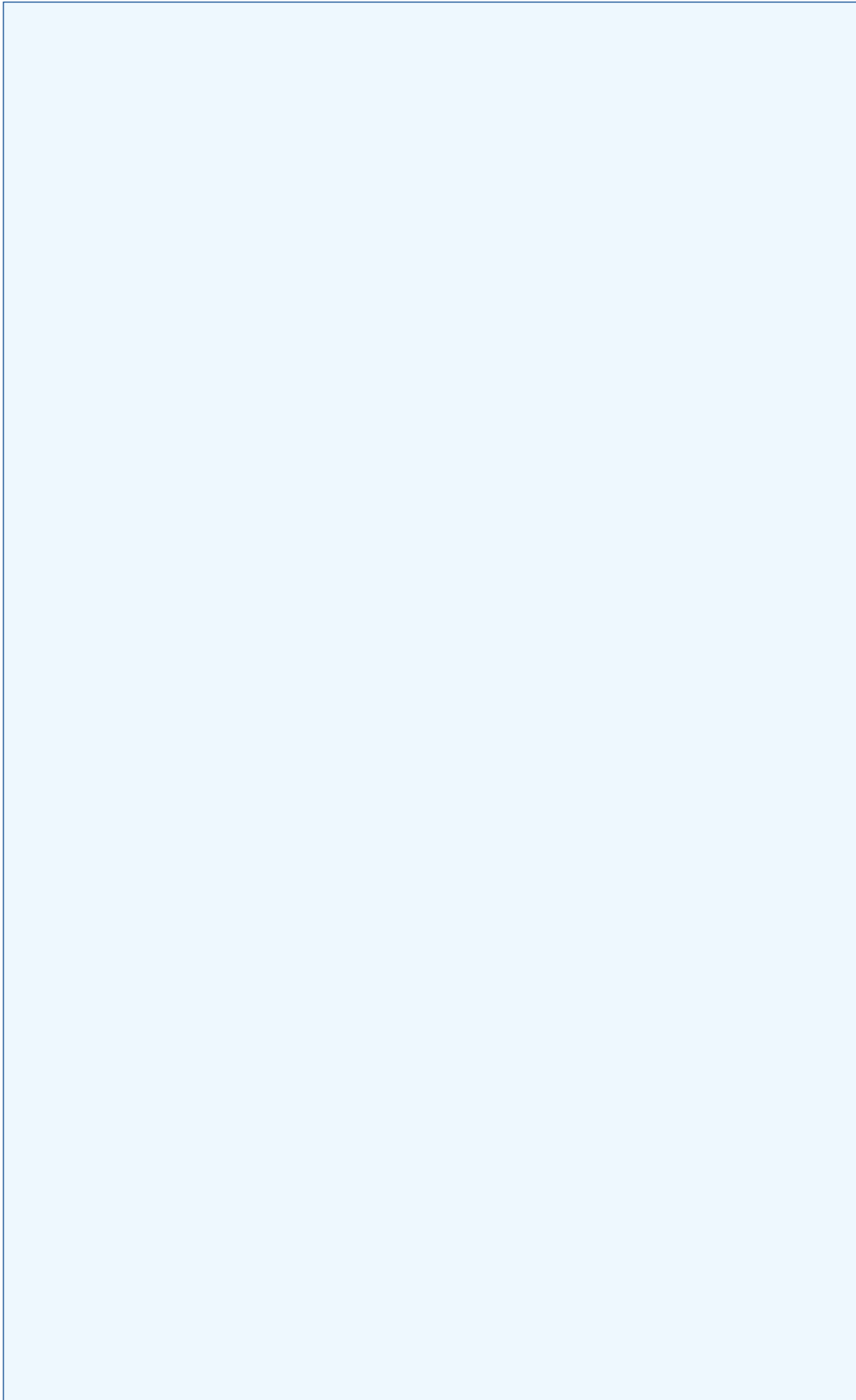
An agency will typically invest an average of £43,500 in a pitch so it's imperative that you are able to provide feedback. Ideally this should be done face-to-face or on a video call where, ideally, you share your agency selection criteria and scores. How did the agency perform against each of the criteria? Were they strong in some aspects or poor in others?

In summary, the importance of having clear selection criteria is as follows:

1. **Improved product quality:** Selecting a supplier that provides a high-quality service will minimise the risk of issues with product safety and reputation.
2. **Cost savings:** Selecting a supplier based on its ability to provide the best product or service at the most competitive price lowers cost and increases profitability.
3. **Increased efficiency:** A clear supplier selection strategy can help you streamline the procurement process and reduce the time spent on procurement activities.
4. **Reduced risk:** By selecting a supplier with a track record of providing reliable services and products, you can minimise business risks.

Section 3: Agency selection criteria

Section 3: Response



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RFPs – an introduction



A clear and detailed RFP sets the foundation for building a strong partnership. The more information you can provide through the RFP and the Q&A process, the better the response you will get. The RFP process, however, is a large undertaking for any company – from preparing an RFP, engaging the right type of agency partners, responding to queries, and reviewing the proposals and pitches to giving feedback to all the agencies (they will ask for it!).

So, ask yourself...

Do you really need an RFP?

For straightforward projects, you could avoid this process (unless rules say otherwise). Reserve RFPs for the complex pieces of work. Challenge the process.

LAUNCH/PRE-LAUNCH – Pick an agency and don't change it

- 1. Lifecycle of asset:** A launch may need a new agency partner. If in-market an RFP may not be needed. There are situations where an agency is initially chosen but scope expands and the need for an RFP for Agencies of Record (AOR) may arise. Alternatively, one could just keep going and avoid the distraction/human cost.
- 2. Lifecycle triggers/label expansions, etc:** For new indications there may be a need for a portfolio or multiple indications. This could be an opportunity to consider a new agency, although there can be advantages to expanding the partnership within the existing agency.
- 3. Nature of work:** Is it a project? Then no RFP needed. Is it AOR? Then an RFP is needed.
- 4. Relationship with incumbent:** Always try to salvage if possible. Have expectations been made clear? Have you briefed them clearly?
- 5. Brand team/leadership team/policy changes:** Is there still a good cultural fit with the current agency? Would increased communication or a review meeting help avoid the burden of an RFP/agency change?

Section 4: RFPs – an introduction

IN-MARKET: Make sure you understand the main issue. Can it be resolved or is a new agency needed? Consider that issues may be with client-side just as much as agency-side. After all, it is a relationship. If you've gone through four agencies in three years, that may point to an internal issue. Help agencies evolve to partner with you rather than sending out an RFP each time.

1. **Always try to salvage/engage with your incumbent agency:** Can team members be moved around if it's an individual issue? Can a change in process address the concern or challenge?
2. **Long-term agency review:** Are new financial realities necessitating a drive for efficiencies? Consider whether it requires an RFP. If your MSA has the right to audit, consider that as an option. Alternatively, consider transparently discussing ways of working and any new financial realities to come up with solutions together.
3. **Something fundamentally changes (e.g., new indication):** Can the agency upskill/expand the team to offer what you need?
4. **Brand team/leadership team/policy changes:** Is there still a good cultural fit with the current agency? Would increased communication or a review meeting help to avoid the burden of an RFP/agency change?

The human cost of RFP – avoid pressure and stress

For straightforward projects, you might skip the burden and upheaval of an RFP (unless rules say otherwise). Reserve RFPs for broader partnerships or complex investment-intensive projects.

The advantages and disadvantages of RFPs

Issuing an RFP can be a valuable step in the process of selecting a communications agency for several reasons, although there are certain drawbacks. Below are a few pros and cons for engaging in an RFP process.

Pros of issuing an RFP:

1. **Vendor hunt:** When you need an external hand, RFPs help find the right fit.
2. **Transparency rules:** RFPs keep things transparent and above board.
3. **Success assurance:** Crafting an RFP ensures you get what you need by understanding your project thoroughly.
4. **Clarifies objectives:** By outlining your requirements, goals, and expectations in an RFP, you are clearly defining what you need to achieve for your team and agencies. This helps ensure proposals are structured around the needs.
5. **Encourages competition:** Issuing an RFP invites multiple agencies to submit proposals, fostering diverse thinking and ideas. This can lead to better-quality proposals as agencies can highlight their unique selling points (USPs) during this process.
6. **Promotes transparency:** The RFP process promotes transparency by clearly communicating your requirements and evaluation criteria to all participating agencies. This transparency helps ensure fairness and equity in the selection process.
7. **Facilitates decision-making:** The structured nature of the RFP process facilitates decision-making by providing a framework for evaluating and comparing proposals. This can help you make a more informed and confident decision about which agency to select.
8. **Legal protection:** In some cases, issuing an RFP may provide legal protection by documenting the selection process and ensuring that it is conducted in a fair and impartial manner. This can be important in cases where there are legal or regulatory requirements for procurement.

Section 4: RFPs – an introduction

- 9. Standardises evaluation process:** An RFP establishes a structured and standardised process for evaluating different agencies, allowing you to compare proposals based on the same criteria.
- 10. Cost-effectiveness:** By inviting multiple agencies to submit proposals, you create a competitive environment that can lead to more competitive pricing offers. This can potentially result in cost savings for your organisation.
- 11. Access to innovation:** RFPs can attract agencies with innovative ideas and approaches, providing your organisation with access to cutting-edge solutions that you may not have considered otherwise.

Cons of issuing an RFP:

- 1. Time and effort investment:** Issuing an RFP requires a significant investment of time and effort in preparing the document, reviewing proposals, selecting an agency, and providing feedback to winning and losing agencies. This process can be resource-intensive.
- 2. Not always necessary:** Issuing an RFP may not be necessary if you have an existing agency in place that can take on the project or if the work required falls below the procurement level or is for a specialist topic.
- 3. Impact on wildcard agencies:** Wildcard agencies, typically smaller in size, may be more impacted by the loss of an RFP. Consider whether it is fair to ask them to pitch or be prepared to offer them a fee for pitching to show your genuine interest in exploring non-standard options.
- 4. Lengthy process:** The RFP process, from drafting the document to evaluating proposals, can be time-consuming and may result in delays in selecting an agency and starting the project.
- 5. Potential for misalignment:** Despite outlining requirements in the RFP, there is still a risk that agencies may misinterpret or not fully grasp your needs, leading to proposals that do not fully align with your expectations.

While issuing an RFP requires an investment of time and effort upfront, the benefits it offers in terms of clarity, competition, transparency, and decision-making can, under the right circumstances, lead to a more successful outcome in selecting an agency that best meets your needs and goals.

The RFP process can be stressful and time intensive for both sides, often requiring agencies to work outside of normal business hours to put their proposal together. While a standard practice, clients should be mindful of this and ensure that sufficient time is provided to agencies to respond to an RFP. Similarly, agencies should feel unafraid to challenge prospective clients on the size of the potential project, and the likelihood of their winning, so they can make an informed decision as to whether to participate or not.

For small projects (up to £30K) consider avoiding a pitch process, instead engage an agency as a one off or as a trial to see if there is good chemistry. For projects between £30–80K, these can be profitable for agencies without a pitch, but the profit will be minimised if won via a pitch, so consider whether a pitch is really needed. For larger projects, or to establish a multi-project partnership (>£80K), then the RFP process can be a good idea.

Section 4: RFPs – an introduction

Finally, ensure the agency you select to pitch is right for your brief. With many new agencies appearing, there are many options for innovative approaches. Make sure all of the agencies you select to pitch are able to fulfil the request.

Below is list of questions that you may want to start with before sending out the formal RFP. This will help to identify an agency's suitability before you get to the RFP request stage.

Suggested pre-qualifying questions

◆ Reputation and track record

What is the agency's experience and expertise in the healthcare sector?

How long has the agency been working in the healthcare industry? For smaller and younger agencies, ensure you ask about depth of collective experience qualifications and backgrounds.

Evaluate whether the agency has successfully handled projects and programmes in the past that align with the size and nature of your communication needs and objectives.

What do clients and industry peers say about the agency?

Ask for specific examples of past projects and case studies that demonstrate their experience with clients that are similar to your organisation's needs.

Look for any industry awards or recognitions that the agency has received, as these can be indicators of a strong reputation.

◆ Expertise and specialisation

Does the agency have specialised knowledge and experience in your specific area of healthcare?

Ensure the agency has in-depth knowledge and experience in your particular area of healthcare, such as pharmaceuticals, medical devices, biotechnology, or health services.

Ask for case studies and client lists that demonstrate their ability to understand and address the unique challenges and regulations within your specific therapy area.

How does the agency stay current with industry trends and regulatory changes?

Determine how the agency keeps up with the latest trends, innovations, and regulatory changes in the healthcare industry by looking at their social channels and website.

Ask about the agency's involvement in professional associations, their role in leading change in the industry, and their wider efforts to ensure timely understanding and implementation of relevant trends.

◆ Creativity and innovation

Can the agency deliver creative and innovative solutions?

Visit the agency's website and LinkedIn page to assess their online presence. Few agencies will miss an opportunity to shout about their efforts.

Do the examples demonstrate the type of originality, strategic thinking, and effective audience engagement that meet your needs?

How does the agency foster a culture of creativity and innovation within their team?

Ask about the agency's approach to creativity and how they produce award-winning campaigns. While they may not reveal their trade secrets, they should tell you about their processes and practices to keep their team inspired and motivated to produce the best work possible.

Section 4: RFPs – an introduction

Determine how diverse the agency's team is, and whether collectively you feel their skill sets and backgrounds will contribute to the innovative thinking you need.

How does the agency leverage new technologies and trends to enhance their communication strategies?

Ask for examples of how the agency has used emerging platforms, data analytics, social media trends, or interactive content to create innovative solutions for clients.

Evaluate the agency's past ability to adapt to the rapidly changing landscape (e.g, digital, AI) and how they use these advances to create impactful and cutting-edge campaigns.

◆ Strategic approach

How does the agency create strategies that meet specific client goals and challenges?

Ask about the agency's initial research and discovery phase, including how they gather insights and data to inform their strategic thinking.

Evaluate whether the agency demonstrates a clear methodology (e.g, behaviour change, bespoke frameworks) for creating communication plans that align with your objectives and address your specific needs.

What frameworks or models do the agency use to guide their strategic planning?

Look for evidence that the agency uses well-established methodologies, such as SWOT analysis, PESO model (Paid, Earned, Shared, Owned), or other strategic planning tools.

Ask how these models help the agency create comprehensive and coherent communication strategies that integrate various channels and tactics effectively.

How does the agency measure and optimise the effectiveness of their strategies?

Determine whether the agency has a robust system for evaluating campaign performance, gathering feedback, and adjusting it to ensure continuous improvement and maximum impact.

◆ Resourcefulness and adaptability

How has the agency demonstrated flexibility and adaptability in past projects?

Ask for case studies or client testimonials that highlight their ability to adapt strategies on the fly, manage crises, or pivot in response to new information or circumstances.

Evaluate how they handled these situations and whether their adaptations led to successful outcomes.

What resources do the agency leverage to address diverse and evolving client needs?

Ascertain whether the agency has a network of contacts within the healthcare industry they can tap into when needed.

Determine if the agency has a history of using external expertise and technology to enhance their service offerings and solve complex problems creatively.

How proactive is the agency in staying ahead of industry trends and preparing for future challenges?

Look for evidence from the agency that showcases their breadth and depth of understanding of the marketplace.

Evaluate whether the agency's approach to anticipating and preparing for future challenges meets your need, and how they incorporate this foresight into strategic planning and execution.

Section 4: RFPs – an introduction

◆ Measurement and reporting

What specific metrics and key performance indicators (KPIs) do the agency use to measure success?

Investigate the types of metrics and KPIs the agency uses to evaluate the effectiveness of campaigns. Ask for examples of how they measure success in areas such as audience engagement, message penetration, behavioural changes, and return on investment (ROI).

Ensure the agency's measurement approach aligns with your business objectives and provides a comprehensive view of campaign performance.

How transparent and detailed are the agency's reporting processes?

Assess the agency's reporting practices, including the frequency, format, and depth of their reports.

Inquire about the tools and platforms the agency uses for data collection and analysis.

How does the agency use learnings from previous years or campaigns to optimise and refine their strategic thinking?

Ask how the agency incorporates feedback and performance data to adjust and enhance clients' strategies each year. Ask for a case study of where genuine need has led to innovation, change in strategy, etc., that led to further success.

Look for evidence of a structured process for analysing campaign results, identifying areas for improvement, and implementing changes to maximise effectiveness.

◆ Client-centric focus

How does the agency tailor their services and strategies to meet individual client needs and goals?

Assess the agency's approach to customisation and personalisation in their services to meet different clients' needs.

Inquire about the agency's process for understanding your specific goals, challenges, and audience(s).

What is the agency's approach to client communication and collaboration?

Ask about the agency's frequency and methods of communication, including how they handle feedback and revisions. Insist on a chemistry meeting to see how you gel with the team.

Determine if the agency has a structured process for collaboration that includes regular updates, progress reports, and opportunities for client input, ensuring you are kept informed and involved at every stage.

How do past clients describe their experience working with the agency?

Seek out testimonials, case studies, and references from the agency's current and past clients, paying particular attention to feedback regarding the agency's responsiveness, attentiveness, and dedication to client satisfaction.

You may contact referees the agency has provided to learn about their experiences.

Section 4: RFPs – an introduction

◆ Ethical standards

Does the agency demonstrate a commitment to compliance with industry regulations and ethical guidelines?

Investigate whether the agency has a clear understanding of healthcare regulations such as ABPI and PAGB, and other relevant regulatory bodies depending on your needs.

Ask how the agency ensures compliance with these regulations in their communication strategies. Look for evidence of ethical practices in their past work.

How does the agency handle conflicts of interest and maintain transparency?

Inquire about the agency's policies regarding conflicts of interest, particularly if they work with multiple clients in the healthcare industry.

Ask how the agency manages situations where there may be conflicting priorities between clients.

Evaluate whether they prioritise transparency in their partnerships and ensure they disclose any potential conflicts upfront.

What measures do the agency take to ensure accuracy and integrity in their programmes?

If relevant, inquire about the agency's fact-checking processes, source verification methods, and overall commitment to delivering accurate work first time.

Ask for examples of how they have handled sensitive topics or crisis communications while maintaining ethical standards.

◆ Cultural fit

Does the agency understand and align with your organisation's values, mission, and culture?

Assess whether the agency demonstrates an understanding of your organisation's values, mission statement, and overall culture.

Consider whether their approach to communication aligns with your organisation's tone, style, and ethos.

Evaluate if they have worked with organisations similar to yours, or have experience in healthcare sectors that resonate with your values

How well does the agency understand your target audience and stakeholders?

Determine whether the agency comprehensively understands your target audience, including patients, healthcare professionals, regulators, and other relevant stakeholders.

Ask for examples of how they have effectively communicated with similar audiences in the past. Consider whether their communication style and messaging resonate with the demographics and preferences of your target audience.

What is the agency's approach to collaboration and relationship-building?

Evaluate whether the agency's approach to collaboration aligns with your organisation's preferences and working style.

Consider factors such as communication frequency, responsiveness, and willingness to integrate feedback.

Section 4: RFPs – an introduction**Section 4:** Response

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Section 5

The RFP process



The RFP experience can be a varied one from an agency's perspective "Life is like a box of chocolates – you never know what you're going to get." so said Forrest Gump, and so might many agencies when describing their experience of RFPs.

From the heartsink RFP that reads like someone's literally done a 'find and replace' exercise on a previous document (with errant brands from the previous version still appearing), to another where the client team has invested time and effort in crafting a brief that provides the broader context and clarity about what a proposal needs to deliver, briefs can vary dramatically. Unfortunately, experience suggests the latter approach tends to be very much in the minority.

Writing the brief

If it has been agreed that an RFP is needed, it's important that the brief is clear and outlines expectations. So, no copy and pasting from previous documents, please. Take the time to craft something specific and clear. It will be appreciated and enable you to compare proposals more closely at the evaluation stage.

We have discussed the fact that pitching costs agencies a lot of time and money, but why? There is a lot to do and many people are involved: Reviewing the requirement, briefing the various teams, gathering insights, strategic development, and producing the campaign and/or creative. So, bear this in mind. Also, question why you need three creative options when you're also expecting months of strategy and research. Just be fair and understand that agencies are commercial entities whose only commodity is their time. Don't abuse it.

The key objective for engaging with agencies is to source experts that are not available in-house and to access new thinking and perspectives. Therefore clients' mindsets need to change – from an 'I'm in charge' approach to an 'I need you in order to achieve my objectives' approach. Agencies should be proud that they have the skills, talent, and experience that clients need; and with that pride should come confidence: confidence to challenge, confidence to question and yes, confidence to reject an opportunity.

Section 5: The RFP process

In looking for agency expertise and perspectives, it's important not to over-define the brief. State the challenge, the objective, the insights, the nuggets of knowledge. Where you need to compare costs (if this is the primary objective for the RFP process), provide specifics so that you can compare like-for-like. As far as conceptual ideas and innovation are concerned don't over brief – this can restrict creativity in approach, solutions, and channels – a website and a series of videos and banner ads is not always the answer!

Setting the budget

Let's now consider the budget. RFPs that provide an indicative budget, even in the broadest sense, will result in agency proposals that are relevant and realistic and can be taken forward. An RFP that asks for *blue sky thinking* and includes no budgetary guidance, is at best misguided and at worst, disingenuous.

Similarly, RFPs asking for proposed budgets must be very specific in their ask; otherwise they will be comparing apples with pears. More broadly, if low price is a key criterion for evaluating an RFP, it may come at the cost of low innovation.

Accepting the challenge

Having read the brief and ascertained whether there are any conflicts of interest, the agency will decide whether it's going to participate. Regardless of the brief's quality, most agencies will likely engage in a pitch process – the drive and necessity for new business and winning new clients is in their DNA.

Having decided to take part, the agency will be in it to win it, knowing it is going to cost them a significant amount of time and money. A PM Society survey in 2023 reported that UK advertising and medical communications agencies spent anywhere between £28,000 to £85,000 on a typical RFP. This is a huge amount of billable time or opportunity cost. If we assume there are four agencies in the mix, that's upwards of £200,000 of agency time in total; often more than the RFP budget itself.

The agency begins work on their response, including collating any questions they may have. Frustratingly, RFPs now typically only allow written Q&A on an Excel spreadsheet, to be shared with all participants. A written Q&A is no substitute for ongoing discussion between client and agency, allowing gaps in the brief to be addressed and ensuring the agency provides the best proposal possible to meet the client's needs. While a written Q&A may be more efficient and fairer to all participating agencies, it can affect the proposal quality. In-person Q&A discussions are also a great opportunity to start building those relationships and seeing how the chemistry is between the teams.

The pitch presentation

Assuming the submitted proposal makes it through, the agency will typically be asked to present to the client team. With the post-Covid systemic use of Teams, pitches are increasingly virtual. Fit for purpose perhaps for a more straightforward RFP where the outputs are clearly defined. But where the client/agency team will be problem-solving and co-creating programmes, this is a wholly unsatisfactory way of determining the one thing that will often matter most – team chemistry.

When it comes to a client wishing to establish a successful strategic partnership with an agency, team chemistry is critical. In this regard, the traditional RFP approach may make little sense. Choosing an agency should be approached as if hiring a new member of the team. Who has the best qualifications, capabilities, and competencies?

Section 5: The RFP process

What experience do they have tackling similar priorities and challenges the client is facing? Are their core values and approaches consistent with the client organisation's? How would they fit into the team?

Here the value of a well thought through Request for Information (RFI), may provide a more instructive approach. RFPs tend to encourage the status quo – it's written to find an agency to fit the client's expectations. Here you're likely looking for an agency that challenges your current thinking. What does the RFI look like? Well, instead of an Excel spreadsheet with limited space for the agency to provide information about topline criteria, an RFI should pose questions that interrogate and provide real insights into the agency's approach and capabilities (known as Qualification Based Selection [QSB]).

And having done so, final selection from the agencies shortlisted may be based on a Team Chemistry meeting, likely supplemented with an assessment exercise completed in situ.

The traditional RFP approach may still be the right approach if there is already a well written, well considered brief. However, if there is the need for a strategic partner to co-create an advertising campaign or medical communications programme, then a RFI/QBM approach should be considered.

FAQs about the RFP process

Is an RFP the correct approach?

The RFP process is time- and resource-consuming. Think about what the goal is. If it's to find a strategic agency partner, it may not be needed. If the need is an agency to deliver a relatively specific output, then it may be a reasonable approach.

Before initiating an RFP, if you have an incumbent agency that has successfully delivered to a similar brief previously, consider asking them to provide a proposal first. If you prefer not to, this begs the questions of why and whether they should be your established agency of record.

Which agencies should be involved?

These will typically be drawn from a company's preferred suppliers list. However, if the brief requires a new capability/offering not currently provided by those on the list, then new agencies need to be identified. It is worth circulating a questionnaire to agencies you have identified to confirm that they would be suitable to fulfil the ask prior to requesting an RFP (see page 15).

How many agencies should be involved?

This is a key question. The first thing to consider is whether one agency can meet all the expectations and requirements. The sophisticated marketing approach pharma companies need often means more than one agency will need to be involved. If the project has different elements, ensure the right agencies are selected to tend for the right parts. Additionally, through the RFI process, ensure you select agencies that can deliver everything, either alone or with recognised partners (which some procurement departments require).

If it is the type of work a single agency can deliver, then no more than three agencies should be asked to participate.

Which internal stakeholders should be involved?

Obviously, there's a time/benefit trade-off here. Ideally, any member of the client team involved in the development and delivery of the brief should be involved. It is important to involve all these people from the very beginning rather than just inviting them along to the pitch itself. They need to be invested in the process. Ask for their input and review of RFP briefs and documentation.

Section 5: The RFP process

When is an RFI needed? What's its purpose and what information should you ask for?

As mentioned above, a RFI is likely the preferred approach when selecting an ongoing strategic partner. The RFI's purpose is to explore agency capabilities, how it works, what makes it different, its experience in tackling your strategic priorities, and (most importantly) team fit. Unsurprisingly an RFI provided as an excel spreadsheet is not fit for purpose, beyond capturing basic agency facts. It should allow agencies to give relevant and detailed information to allow evidence-based selection of agencies, then the client team should subsequently meet and interview.

How important is team chemistry? How can this be assessed?

Critical. We're in a people business. So, team and cultural fit is key to ensuring a positive, collaborative relationship. This in turn will be reflected in the development and delivery of the very best campaigns and programmes.

Of course, it is only when the client and agency teams start working together that team fit can be assessed. In terms of a selection process, given its importance, there is a compelling argument for client and agency teams to meet face-to-face rather than virtually. This requires more investment in time from both sides, but it should be seen as worthwhile considering the value of the work and the amount of time the teams will be working together.

What information should the RFP include?

The brief is everything. Poor information in, likely poor proposal out!

Be as clear as possible on the need or challenge the RFP is looking to tackle, its purpose, and its outputs. Share key information about the brand, including (where possible)

- Its market performance (or if not yet launched, the company's ambition for it).
- Its competitors, key audiences, critical success factors, and if appropriate key messages.
- Any ongoing or proposed activities that the agency might consider regarding synergies/integration in terms of their programme.

Of course, the agency can do their own desk research to find this information out, but their time is better focused on developing their solutions and proposals; especially when the client team will, or certainly should have, all this information to hand.

Help agencies help you by providing some kind of indicative budget. This will ensure proposals are relevant and realistic. Is it a £50k, >£100K, >£250K, >£500K budget? The request for Blue Sky Thinking comes at the cost of time focussed on how a programme, given a particular level of budget spend, can have the biggest impact.

How will the RFP process be run?

Give the process adequate time. Two weeks from the RFP landing to submission is not enough time for agencies to do their best work. Great agency teams don't have time put aside for RFPs... they make time. Putting a proposal together is always done around existing fee-paying work, limiting this time to 10 working days will increase the amount of out-of-hours work required. Even then this is not enough time to put the best proposal together.

Make sure the process is clear. Can agencies speak with the client team and discuss their initial thoughts and fill in any gaps in their understanding (recommended)? Or, do questions have to be submitted in writing and collated with other agency questions, with the client team answers being shared with everyone? There is a trade-off here: client team time versus quality of proposal. A two way discussion provides considerably more value and insight than an Excel Q&A spreadsheet.

Section 5: The RFP process

Who from the client team will be involved in reviewing proposals and what are their roles? The agency team will want to understand the roles of the people in the room (real or virtual). Will the pitch be virtual or face-to-face, or will the decision be made without a presentation? Finally, when will a decision be made and how will this be shared?

How will the RFP be evaluated?

Let's get one thing straight. Price should never be the main criterion upon which a pitch proposal is judged. Value for money is important, but that is not the same thing. The RFP should be evaluated using five key criteria:

1. Has the agency demonstrated they truly understand the requirements?
2. Has the agency responded appropriately, or have they copied and pasted from a previous document?
3. Has the agency challenged, questioned, and validated the request's content?
4. Has the agency responded in an innovative and creative way, while taking into account any time or regulatory constraints (or has it been over ambitious)?
5. Does the agency show a desire to win the work beyond the financial benefit?

How will feedback be given?

After what inevitably will have been a significant amount of time and effort, being told you have won an RFP is absolutely fantastic. The agency RFP/pitch team will be on cloud nine! However, no doubt there will be some aspects that other agencies perhaps did better on, or some areas of the winning agency's proposal that needs some further thinking and discussion. Share this feedback. The agency will be grateful for it. Winning business along with the opportunity to learn is a brilliant outcome.

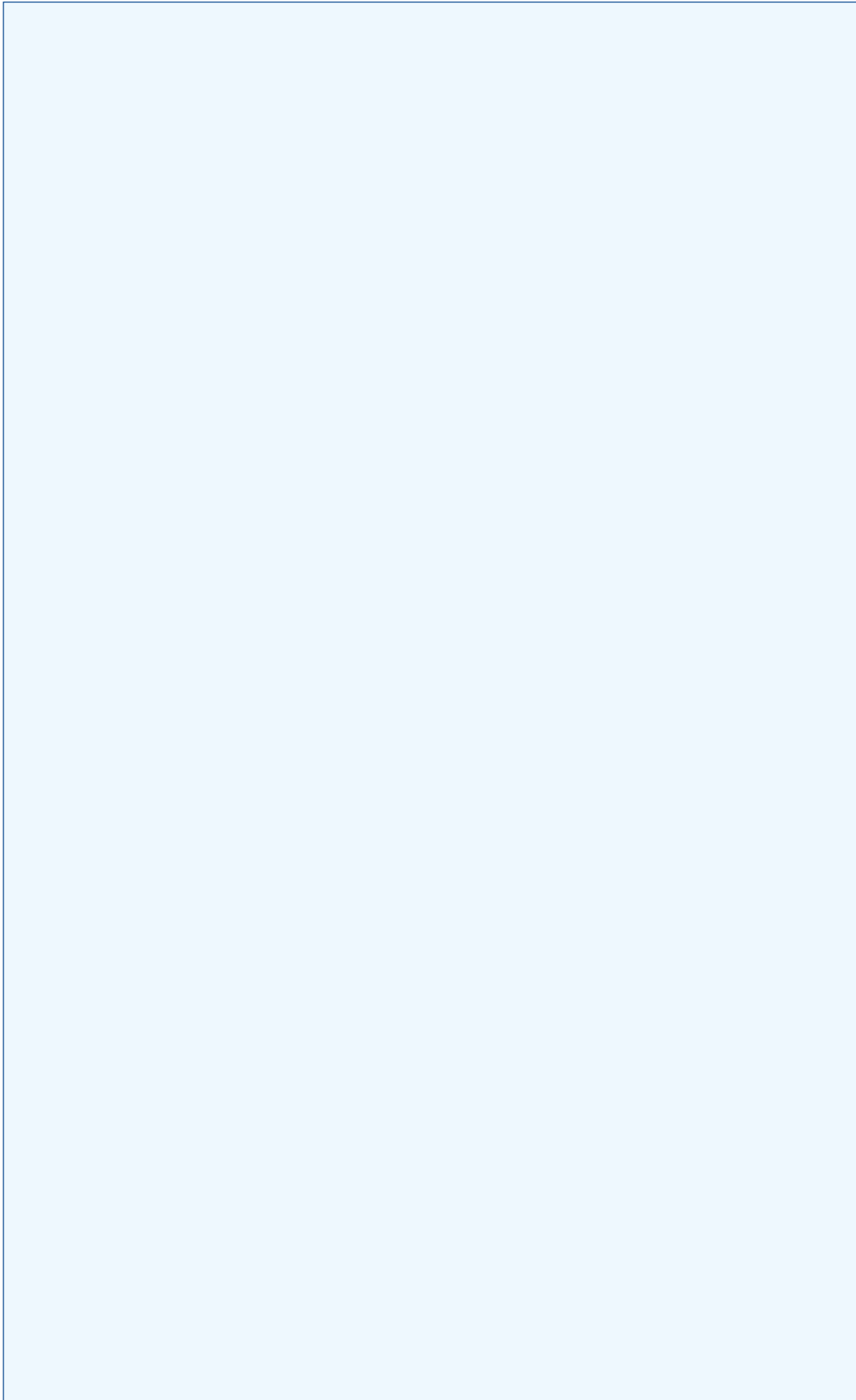
Being told you have not been successful is supremely disappointing. The agency will accept the decision with grace. However, what they will truly value is as much detailed and candid feedback as possible as to why they didn't win. Keeping the feedback honest but constructive is important. All agencies want to learn as much as possible to enable them to win next time around. Taking time to collate this detailed feedback is important as it acknowledges and reflects the significant amount of time agencies have invested.

How can you improve the RFP process?

The RFP process is time consuming for both agency and client. How can it be improved and a more positive experience for all those taking part? Regrouping as a client team to review the outcome and process should be prioritised. It is also a good idea to reach out to the agencies to get their feedback.

Section 5: The RFP process

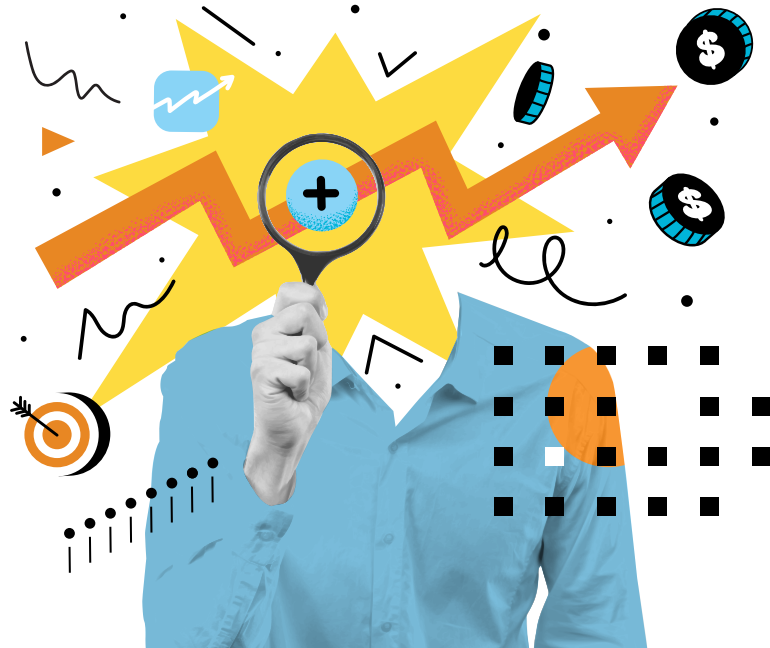
Section 5: Response



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Section 6

Commercial arrangements and remuneration models



Principles of fairness and exploring diverse remuneration models

A key part of developing a thriving client-agency relationship is ensuring equitable remuneration models. With the constraints placed on both agency and clients, it is key that this process is approached with transparency and fairness at its foundation, to facilitate a good working relationship between both parties. There are a number of remuneration models that exist, but fundamental to all of them are principles of fairness.

Fundamental principles of fairness

Understanding the bedrock of fairness within client-agency relationships underscores the responsibilities of Procurement Marketing leads:

- 1 Mutual fair remuneration:** Fair compensation for both client and agency fosters a human-centric approach.
- 2 Transparency and agreement:** Fairness thrives where there are transparent agreements regarding deliverables and cost structures – this fosters trust and reliability.
- 3 Sustainability and profitability:** Fairness ensures the sustainability of relationships, delivering value for money and fostering profitability for both parties.
- 4 Attractiveness of client account:** Fairness enhances the client's attractiveness, nurturing a positive brand perception and fostering sustained agency commitment.
- 5 Talent retention:** Fairness secures the best agency talents, motivating their commitment to working on the client's account and ensuring a competitive edge over rivals.

Section 6: Commercial arrangements and remuneration models

Diverse agency remuneration models

Agency remuneration models span a spectrum of approaches, each suited to different services and client dynamics. These models encompass:

- **Input-based schemes:** Ranging from retained fees and project-based fees focused on time and daily rates to multipliers for overheads and margins.
- **Commission-based or mark-ups:** Reflecting mark-ups on third-party costs.
- **Output-based fees:** Tied to the delivery of various work elements (e.g., cost per campaign or advertisement), focusing on the results of marketing activities or the value assigned to specific deliverables.

Input-based schemes

Input-based remuneration schemes are payment structures based on a volume of hours estimated for a job to take, and would be typically broken down by the type of resources and a volume of hours against each resource. Input-based remuneration schemes reflect the time and effort that is being invested in the work as opposed to the outcomes which we illustrate below. An Input-based approach focuses on the process and activities undertaken by an employee and member of your agency team. Account Manager, Copy Writer and Creative Director would be examples of this. This structure emphasises the value of the work to be done rather than the end product.

These schemes recognise the time and effort that your agency invests in your project across all the agency resources that will be assigned to your work or delivery. They can help you understand the complexity of your project depending on the balance of time per person and number of people that are involved in your work.

Fees will often be reflected in a rate card of hourly fees, but can equally be agreed for day rates too.

Your agency will typically have a process or system to monitor and report time invested per project, and this can be useful information when reviewing work post-delivery or as part of a wider business review.

One of the main challenges with this method is ensuring the estimate and measurement of time is accurate and based on a detailed specification or objective. This may lead to tensions regarding allocated time that a client team may not fully understand but where efficiency of process is critical for both parties to establish control and avoid unnecessary costs. Given that this structure is based on invested time, anything that can cause repetition, delay, rework, or unclear direction can drive the need to invest more time and, thus, cost.

As such, it is critical, to establish a clear specification or brief and that you have a process to manage costs that go beyond an initial brief and track progress and input regularly through a project delivery period.

Section 6: Commercial arrangements and remuneration models

Commission-based schemes

In a commission-based fee situation, the agency fee is directly tied to the budget spent on media placement. Where advertising regulations allow for public and TV advertising, such as in the US, this can be the core fee scheme for agencies. For countries where regulations prohibit public advertising of pharmaceuticals, typically across Europe, then this scheme will rarely, if ever, be used.

Where applied, an agency will earn a percentage of the total media budget as their fee for providing services and creating any advertising and communications. The industry standard is typically 15%, but this is of course subject to negotiation between client and agency teams.

The benefit of this scheme is the direct correlation of aligning agency interests to the client's spending on media. The strategy being that the client benefits from better business performance where a campaign is more successful. In turn, media budgets will increase and both parties mutually benefit from improved performance. There are drawbacks to this arrangement, however, as there are challenges to full disclosure and transparency of media procurement that have contributed to negative headlines for a number of years.

As such, commission-based schemes are more suited to large-scale campaigns that attract a significant media budget. Whilst it has been a mainstay in the consumer-focused advertising industry for decades, it does come with transparency challenges. Otherwise, it remains a viable option for many clients where media budget is the driver of communication and campaign deliverables.

Understanding output-based fees

An increasingly utilised remuneration system is output-based fees, where agency work is segmented into discrete scope blocks representing distinct marketing activities. These blocks can be assembled into specific agency deliverables. The commercial utility of these blocks extends to generating insights on costs across brands, markets, regions, and agencies.

The granular detailing of output-based blocks encapsulates assets, iterations, and versions, acknowledging the repeatability and similarity of various marketing activities. Initially built on estimated work hours, these blocks ultimately transition to fixed costs for deliverables, divorcing compensation from time invested.

Advantages of output-based fees

The output-based scheme boasts several compelling benefits:

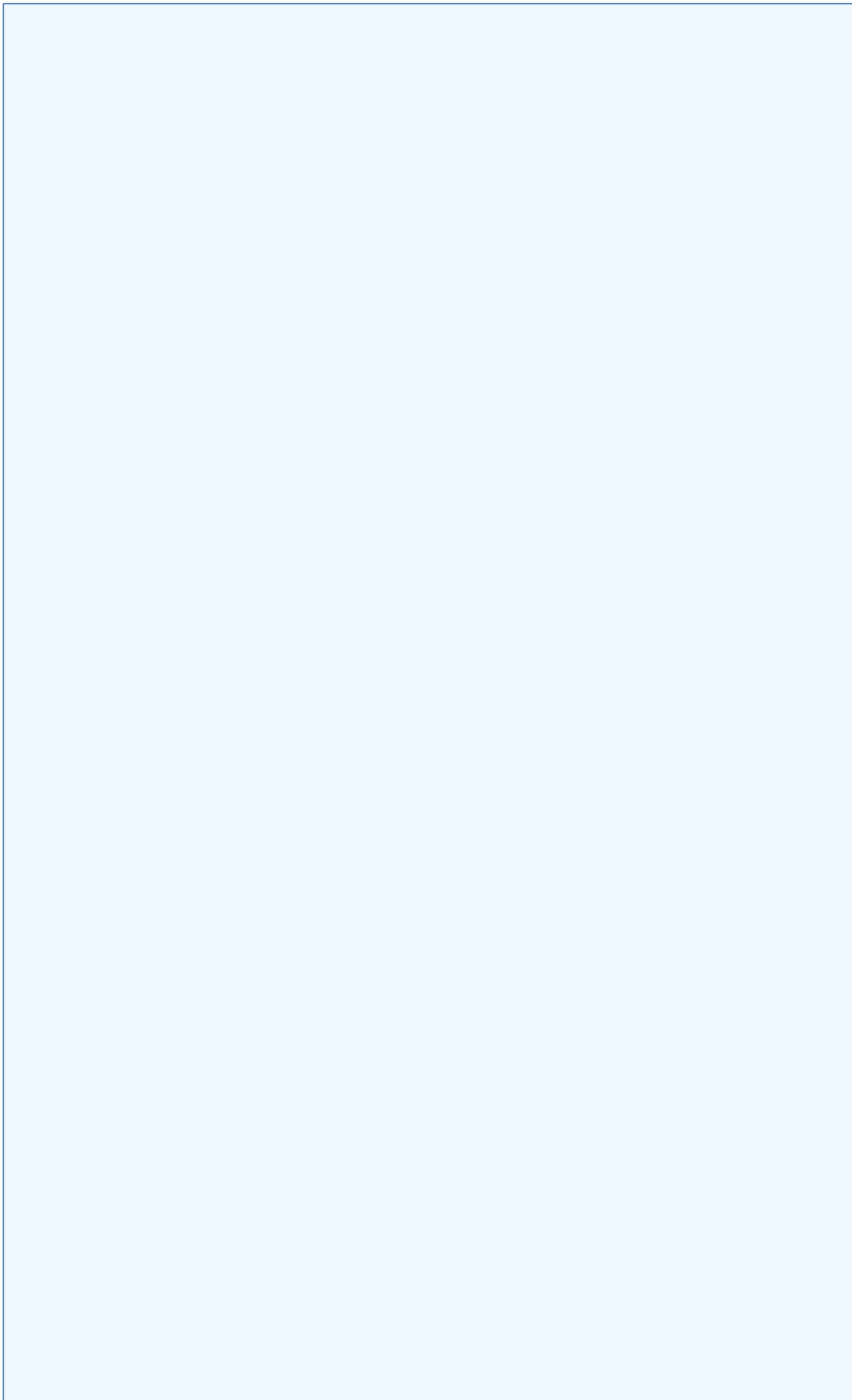
- **Administration simplicity:** Once established, this model becomes straightforward to administer.
- **Driving marketing discipline:** It encourages disciplined scoping and prioritisation within marketing activities.
- **Flexibility and transparency:** This model adapts to evolving marketing needs, offering transparency and accountability in cost structures.
- **Accountability:** It ensures clear accountability for deliverables, fostering a transparent and structured relationship between advertiser and agency.

In essence, output-based fees, akin to Lego blocks in their modular nature, enable fair, transparent, and accountable commercial arrangements, driving efficient resource allocation and fostering a disciplined marketing ethos.

Section 6: Commercial arrangements and remuneration models

Regardless of the methodology being employed, there are hidden costs of time that occur on both sides when developing and negotiating budgets, so it is important to have a clear idea of what you want to spend, and pick an agency that can broadly deliver that within the budget you've got. This will avoid the back and forth between agency and client that may cost time and effort on both sides and may diminish the relationship between the agency and client partners. In some cases, budgets may be unrealistic for the goals desired, but alternative approaches can be employed to achieve similar results. In other cases, the agency may not be suited to the types of work you require. As ever, transparency and communication are key to ensuring the best outcomes for both parties.

Communicate about what you want to see at the end of the project, the budget you have, and how often you want financial updates. For example, could the agency add a contingency to allow for more review rounds than expected? Communicate internally as well. Before developing an entire project, keep key stakeholders (especially compliance) involved, so you can proactively address any concerns that may impact the bottom line.

Section 6: Commercial arrangements and remuneration models**Section 6:** Response

When you have added and saved any comments for all sections, please click the **'Submit' button on page 1** to upload your PDF.

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Appendix

PM Society awards and reference case studies

The PM Society takes pride in organising two annual award ceremonies that stand as hallmarks of creativity and digital innovation within the pharmaceutical and healthcare sector. These awards serve as beacons, spotlighting exemplary communications – internally and externally – that not only drive industry advancements but also benefit healthcare professionals and, ultimately, patients.

Each year, the PM Society's Board and dedicated volunteers deliberate the evolving landscape of these awards, considering various enhancements and modifications. Discussions often revolve around educational aspects, venue changes, category alterations, innovative judging methodologies, dress codes, potential event mergers, celebrity hosts, and distinguishing these awards from others in the healthcare domain. While adjustments have been made, the essence and prestige of these events have remained steadfast, firmly establishing themselves as pivotal moments in the UK Pharma calendar.

In 2023, we made strategic decisions for both awards moving forward:

- 1. PM Society Awards:** The focus will steadfastly rest on 'creative excellence' – celebrating innovative solutions, craftsmanship, and creativity.
- 2. PM Society Digital Awards:** These awards will persist in spotlighting 'digital effectiveness' – acknowledging impact and efficacy, demanding clearly defined metrics and measurable outcomes.

Moving into 2025, we have plans for further enhancements. We always invite feedback, support, and engagement with the PM Society, our awards, and other initiatives.

The PM Society Awards boasts a 38-year legacy, while the Digital Awards have thrived for 15 years, serving as fixtures in the pharma marketing and healthcare agency calendar. Here are five compelling reasons to consider submitting entries to either or both of our awards this year:

- 1. Benchmarking excellence:** These awards serve as platforms to benchmark and celebrate quality and best practices in creative healthcare communications, specifically tailored for those in pharma marketing.
- 2. Unrivalled exposure:** With around 1000 attendees at the PM Society Awards and over 500 at the Digital Awards, the exposure and networking opportunities are unparalleled, offering a prime showcase for your company's achievements.
- 3. Rigorous judging process:** Our stringent two-stage judging process ensures that only the best work secures victory, with over 80 industry experts adhering to a meticulous evaluation framework.
- 4. Supporting a cause:** The PM Society is a non-profit organisation committed to supporting the industry, channelling profits into essential career events and charitable initiatives – your entry supports these endeavours.
- 5. Showcasing excellence:** Whether you're a seasoned supporter or a newcomer, these awards provide an unparalleled platform to showcase the quality of your work to prospective clients, amplifying your credibility.

For seasoned participants or first-time entrants, explore our next awards' categories and commence your entry process to be a part of this celebration of excellence.

Appendix

Templates and tools

Directory of agencies

Client's perspectives on what they expect from marketing agencies:

Shared best practices and alignment: A successful relationship between a client and agency is symbiotic. Both parties should share best practices and have a shared investment in achieving successful outcomes. Positive challenge should be encouraged, fostering an environment where agencies freely suggest insights and share knowledge, even divulging competitor intel if it doesn't breach confidentiality.

Transparency and communication: A strong emphasis on clear, honest, and open communication is pivotal. Agencies are expected to openly discuss new concepts or trends, fostering a collaborative approach leading to positive outcomes, rather than just focusing solely on outputs.

Partnership and integration: Clients prefer agencies that integrate seamlessly into their teams, seen not as mere service providers but as true partners. They value the ability to trust and rely on agencies to support projects, challenge norms, strategise, and showcase strong creative and medical writing capabilities.

Accountability and goal alignment: Accountability and alignment on goals are crucial aspects. Clients seek agencies that not only communicate clearly but also deliver quality work within agreed-upon timelines, maintaining accountability for the shared objectives.

Mutual respect and creativity: A mutual respect for each other's expertise and a collaborative environment that fosters creativity are highly desired. Clients appreciate agencies that actively engage them in brainstorming strategies, encourage open discussion, and are willing to challenge conventional thinking.

Involvement and adaptability: Clients value agencies that listen actively, incorporate feedback, and align their approach with the client's vision. They seek partners who actively involve themselves in projects, staying open, candid, and adaptable while maintaining a customer-centric approach.

Understanding and exceeding briefs: A fundamental expectation is that agencies deeply understand the brief and respond effectively while showcasing a hunger to exceed expectations. Moreover, agencies are expected to demonstrate their understanding of the business and refrain from pitching unnecessary ideas, prioritising the customer's needs above all.

Overall, the most successful relationships between clients and marketing agencies are founded on trust, transparency, collaboration, creativity, and a shared commitment to achieving meaningful outcomes.

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