The OUCH! Factor™ Report 2021

Revealing the hidden cost of pitching to the Australian advertising industry.

New Business Methodology

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Foreword

Welcome to New Business Methodology's OUCH! Factor™ Report. In this report, we reveal the hidden cost of pitching within the Australian advertising and marketing industry, based on a survey of c. 120 agencies and marketers.

The OUCH! Factor™ is a formula, created over a decade ago, designed to measure the soft costs of pitching that are rarely tracked or truly known by agencies.

It quickly exposes the commercial impact of pitching for agencies that have not instilled the discipline of rigorously tracking and evaluating the resources it continuously invests in pitching: **time and talent.**

The OUCH! Factor™ helps agency CEOs, and their leadership teams critically assess the commercial impact and viability of pitching as a new business strategy.

NBM has been advising agencies for over 25 years on how to effectively and strategically grow their pipeline and business. We have seen many agencies rely on relentless pitching as their primary source of winning new revenue and pursuing growth targets - and we have also seen many agency leaders shocked to discover their agency's OUCH! Factor™.

As an industry we continue to be wedded to the merits of 'the pitch': an increasingly high stakes game. All while client expectations, pitch-standards and competition increases.

The result? More precious and valuable time is required to construct a winning pitch that cinches a client's brief and anticipates their needs. Is this uncertain and incredibly expensive way of winning new business worth it? Are there viable alternatives the industry can embrace as a whole? What does pitching really cost, and how profitable is each win?

Foreword continued

To answer these questions, in 2021, we decided to share The OUCH! Factor™ formula in the form of a survey with the industry to explore the issue of pitching from both client and agency perspectives.

The results aim to help agencies and marketers better understand the impact of pitching on their business and make informed decisions about the role pitching plays in their new business strategy.

In this report, we share the findings from c. 120 Australian agencies and marketers surveyed from across the industry. It reveals win-rates, how the independents compared to the owned agencies, which discipline won the spoils of the pitching pot, why marketers cite going to pitch, the cost of the time agencies invested to win, what it takes to recoup it, and how long it really takes for a new client to reach profitability for the agency.

We hope the following pages stimulate debate on whether 'to pitch or not to pitch', what an acceptable win-rate would be when agencies do pitch, and that the report offers perspective to agency leaders – as well as marketers – on the impact of pitching and alternative new business approaches to their growth strategies.

Julia Vargiu
Founder & MD
New Business Methodology

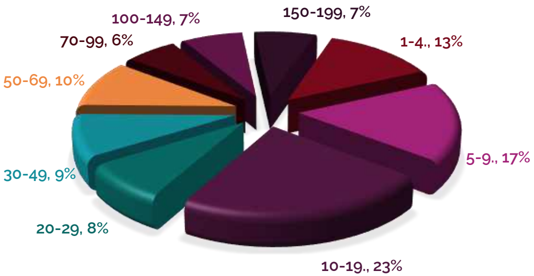
Methodology

This New Business Methodology report is based on responses to the OUCH! Factor Survey from 117* client side CMOs, procurement, and Australian agency owners, MDs, new business directors, and client service directors from across the industry, which asked their experience of pitching.

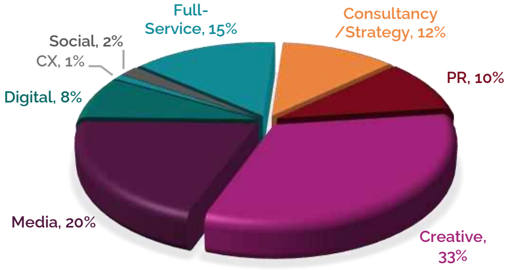
81%
Independent agencies

19%
Owned agencies

INDIE vs OWNED AGENCIES SPLIT

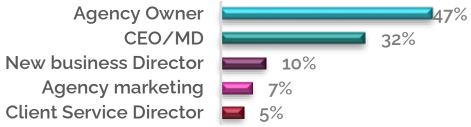


AGENCY HEADCOUNT
(Total respondents, %) ǂ



AGENCY DISCIPLINE
(Total respondents, %) ǂ

AGENCY EXECUTIVES



MARKETING EXECUTIVES

*91 agencies + 26 marketers
ǂ Due to the small number of respondents in categories of CX and Social as an agency type, as well as agencies in headcount brackets of 200-299, 300-399, 400-499, and 500+, data from these respondent groups were removed from reported findings. Convenience sampling employed.

REGISTER TO PARTICIPATE IN NEXT YEAR'S OUCH! FACTOR™ SURVEY:

Get in touch with jvargiu@newbusiness.com.au to be part of our next OUCH! Factor™ survey

Disclaimer

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Overview

Agencies of all shapes and sizes, whether independently owned or part of a network, will all face challenges in achieving growth ambitions at some point in their journey.

Sustainable and consistent revenue growth is often the biggest challenge a leader faces - and as an industry, advertising, media and marcoms is known for relying on pitching to secure new clients and revenue growth.

New Business Methodology's OUCH! Factor™ survey aims to shed light on the hidden cost of our industry's favoured new business strategy - pitching - and its potential impact on agency businesses.

Throughout this report we have summarized the 'typical agency' aggregating insight gleaned from the OUCH! Factor™ survey to create a snapshot of the "average" agency.

Tallied together nearly 100 agency respondents (91) spent a collective 174,000 hours pitching with an average 48% pitch win-rate. That's over 90,000 hours spent losing.

Each could have spent that losing time differently. What if they said no to the pitches they knew they couldn't win? What could each agency have done with 1000 spare hours last year to grow their existing clients? Could these agencies have invested this time in winning business without going through the pitch process? Could they have become more strategic and focused about pursuing the brands, clients and people they dream of working with?

In this report we will explore how agencies invest their time in pitching, the value of that time, and the results of that time investment. We will use New Business Methodology's OUCH! Factor™ Survey to discuss:

TIME

The time invested to win, and frequency of pitches

COST vs REVENUE

The cost of that time vs the dollar value won

PROFITABILITY

The time-path to client profitability (or how long agencies potentially work to break-even)

The pitching life of a typical agency over the last year.

Agency CEOs who depended on pitching as their primary source of filling their growth pipeline had a year that looked something like this:

They had their team pitch 11 times and with a 48% pitch win-rate, won 5.

On average they spent over 177 hours for each pitch meaning that they could be spending around 400 hours before they win a single pitch, if you were to evenly distribute the wins.

The last 12 months required their best and brightest (worth $250/hour each as an average) volunteer to invest 2,000 pitching-hours – all valuable time of which none was billable to a client.

Their average client-win was worth just over $500,000 revenue for the year. The agency would have seen more than $2.5 million to their top line as a reward for their combined pitch-win efforts.

However, the agency would have billed a client $44,000 for the same time they agreed to spend on each pitch they participated in.

The agency CEO tallied up $475,000 as the equivalent dollar value of the year's worth of non-billed hours - on average, tallying the equivalent of $100,000 in unbilled hours invested for each win.

Seen another way, that's equal to sacrificing the new revenue from one of their five client wins, or just under 20% of the new business value won from pitching.

Or, if we say the agency had a typical EBITDA of 15%, that means, they needed to earn $3.2 million in annual revenue to recoup all of their non-billed pitching time.

Let's hope for their sake the tenure of the client relationship lasted longer than the CMOs typical tenure.

The portrait of an average agency – by the numbers.

Summary data points agency average

	Average Agency
Average number of pitches.	**11**
Average number of pitches won.	**5**
Average total hours spent on one pitch.	**177**
Average total hours spent to WIN one pitch.	**372**
Average total hours spent pitching in the last 12 months.	**1,913**
Average hourly charge-out rate ($).	**$248**
Pitch revenue win-rate (%).	**47.6%**
Average win ($) value per pitch.	**$529,142**
Typical $value of non-billed hours spent on one pitch.	**$43,881**
Typical $value of non-billed hours spent to WIN one pitch.	**$92,262**
% of revenue won in a year from pitching needed to cover the non-billed hours spent pitching in a year.	**17%**
Number of months until the clients won are profitable.*	**14**

**based on 15% EBITDA*

Photo by Jon Tyson on Unsplash

Overview – by agency discipline.

Highlights from each agency type

PR & COMMS

While pitching more often than most, PR & comms agency respondents had one of the highest revenue win-rates (63%). But given the time to win lower-spending clients, it took 40% of their new revenue (or 32 months) before seeing client profitability.

MEDIA

Media agency respondents spent one of the highest number of hours pitching, clocking up an average 214 hours on a single pitch, but did enjoy one of the highest average $ values per pitch at $773,656.

FULL-SERVICE

The most prolific pitcher, achieving both a high win-rate (56%) and the highest revenue win-rate (67%) by some distance, and the lion's share of the dollar value. Though needing 400 hours to win, it only took 8 months to see client profitability.

CREATIVE

This group of respondents suffered one of the poorest revenue win-rates (35%) – they had to work 21 months to see profitability on their new client wins.

DIGITAL

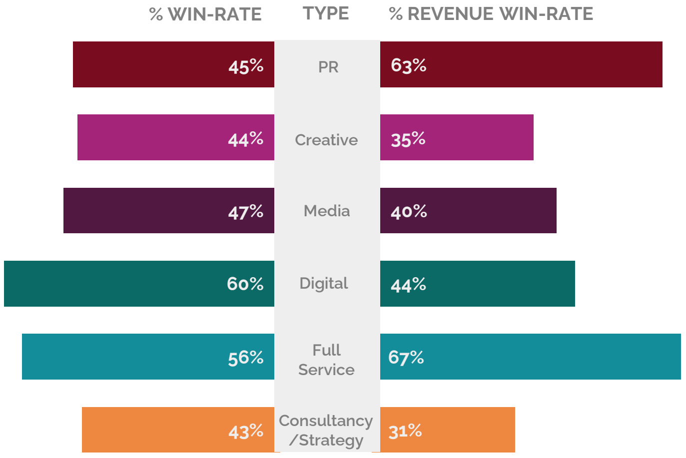
Achieved the new OUCH! Factor™ Report mantra: 'pitch less, win more', with the lowest pitch average (8) and the best win-rate (60%). Yet, there is still room to improve their 44% revenue win-rate.

CONSULTANCY/STRATEGY

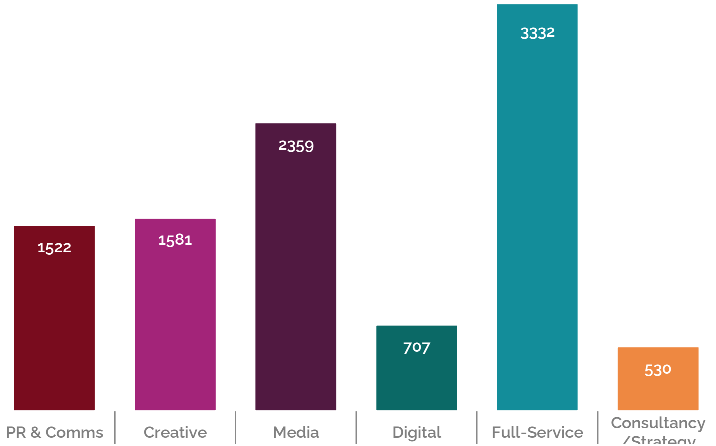
Agencies in the consultancy/strategy group pitched the least, won the least, and invested the least time in pitching. But they also needed the highest number of months of all agency disciplines to recoup their costs once they secured a win.

Overview – by agency discipline.

Pitching time and success rates by agency type



% WIN-RATE vs % REVENUE WIN-RATE
(by discipline)



AVERAGE ANNUAL PITCH-HOURS
(by discipline)

Pitching performance snapshot – by agency discipline.

Summary data points by agency type

	PR & COMMS	CREATIVE	MEDIA	DIGITAL	FULL SERVICE	CONSULTANCY /STRATEGY
Average number of pitches.	13.9	9.5	11.0	7.9	14.7	8.5
Average number of pitches won.	6.3	4.2	5.2	4.7	8.2	3.6
Average total hours spent on one pitch.	110	167	214	90	226	63
Average total hours spent to WIN one pitch.	243	376	457	150	406	146
Average total hours spent pitching in the last 12 months.	1,522	1,581	2,359	707	3,332	530
Average hourly charge-out rate ($).	$233	$243	$250	$236	$237	$295
Win-rate (%).	45%	44%	47%	60%	56%	43%
Pitch revenue win-rate (%).	63%	35%	40%	44%	67%	31%
Average win value per pitch ($).	$140,116	$346,370	$773,656	$263,636	$962,174	$87,500
Typical $value of non-billed hours spent on one pitch.	$25,553	$40,581	$53,610	$21,240	$53,664	$18,505
Typical $value of non-billed hours spent to WIN one pitch.	$56,728	$91,468	$114,137	$35,400	$96,128	$43,023
% of revenue won in a year from pitching needed to cover the non-billed hours spent pitching in a year.	40%	26%	15%	13%	10%	49%
Number of months until the clients won are profitable*	32	21	12	11	8	39

**based on 15% EBITDA*

Overview – by agency headcount.

Highlights from each agency size

BOUTIQUE (1-4 HEADCOUNT)
The smallest agencies participating in the survey spent the least amount of time per pitch, however, the reported value won for this group when considered against the reported investment would potentially result in a client not being profitable for typically 3+ years for this group.

BOUTIQUE (5-9 HEADCOUNT)
Of the smaller sized agencies surveyed, the 5-9 headcount agencies spent significantly more time per pitch at an average 105 hours, whilst reporting the lowest success rate of all groups at an average win-rate of 32%.

CHALLENGER (10-19 HEADCOUNT)
The picture of average, the 10-19 headcount group reported an average of 11 pitches a year, a 43% win-rate and a period of 12 months before clients would become profitable based on non-billable hours invested vs pitch value.

CHALLENGER (20-29 HEADCOUNT)
Challenging and winning, the agencies in the 20-29 headcount category reported the highest average win rate at a whopping 67% and also a high % of available revenue won, taking home 57% of what was on offer. While having high conversion rates, this group pitched slightly less than the cross-scale average at 7 times a year.

MID-SIZED (30-49 HEADCOUNT)
Scoring closely to the average picture of an agency on almost all counts, this size category reported a 44% average win-rate, typically 712 hours spent pitching last year, but registering a slightly lower average number of pitches entered than their larger and similar sized counterparts at 8.

MID-SIZED (50-69 HEADCOUNT)
This group experienced the lowest pitch revenue win-rate of the agencies surveyed, taking home only 18% of the total pot they competed for, even though they entered a slightly higher average number of pitches per annum at 15.

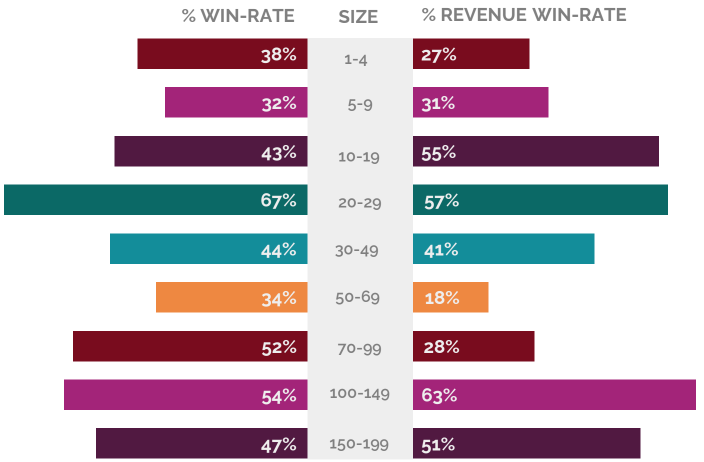
SCALED (70-99 HEADCOUNT)
The most active pitchers of all surveyed, agencies in the 70-99 headcount bracket reported entering an average of 22 pitches in the last 12 months. Unsurprisingly then, this group dedicated the most time to pitching, reporting a significant 5,344 average total hours spent pitching in the last 12 months.

SCALED (100-149 HEADCOUNT)
The scaled agencies in the 100-149 bracket reported the highest pitch revenue ($) win-rate at 63% of the amount our respondents in this category vied for, while reporting an average win-rate of 54% and pitching an average of 12 times, tracking with the cross-scale average.

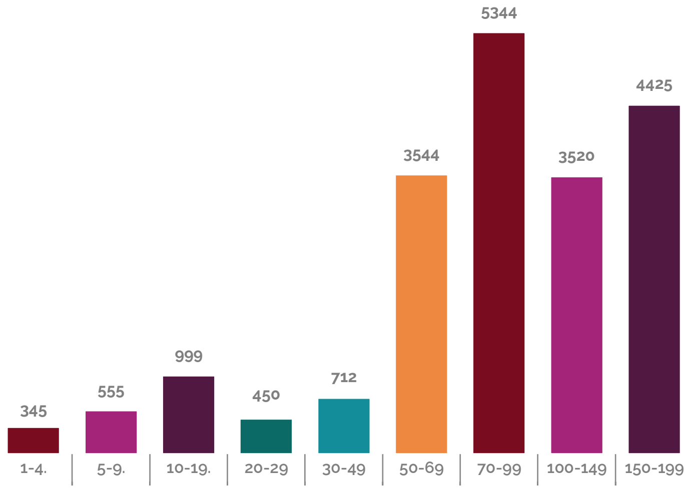
LARGE (150-199 HEADCOUNT)
Unsurprisingly this agency size category competed for the biggest share of the reported pot, had an average win-value for the year of +$11.25m and achieved a 47% win-rate from the number entered but experienced a slightly higher revenue win-rate than their counterparts at 51%.

Overview – by agency headcount.

Pitching time and success rates by agency size



% WIN-RATE vs % REVENUE WIN-RATE
(by headcount)



AVERAGE ANNUAL PITCH-HOURS
(by headcount)

Pitching performance snapshot – by agency headcount.

Summary data points by agency size

	1-4	5-9	10-19	20-29	30-49	50-69	70-99	100-149	150-199
Average number of pitches.	5.7	5.3	11.4	7.0	8.3	15.4	22.5	12.0	15.0
Average number of pitches won.	2.2	1.7	5.0	4.7	3.6	5.2	11.8	6.5	7.0
Average total hours spent on one pitch.	61	105	87	64	86	229	238	293	295
Average total hours spent to WIN one pitch.	159	333	202	95	196	679	455	542	632
Average total hours spent pitching in the last 12 months.	345	555	999	450	712	3,544	5,344	3,520	4,425
Average hourly charge out rate ($).	$264	$243	$273	$271	$225	$222	$240	$183	$275
Win-rate (%).	38%	32%	43%	67%	44%	34%	52%	54%	47%
Pitch revenue win-rate (%).	27%	31%	55%	57%	41%	18%	28%	63%	51%
Average win ($) value per pitch per agency by size	$85,385	$348,101	$285,866	$546,939	$365,758	$522,302	$1,077,778	$444,444	$1,483,333
Typical $value of non-billed hours spent on one pitch.	$16,060	$25,596	$23,855	$17,421	$19,406	$50,937	$57,000	$53,680	$81,125
Typical $value of non-billed hours spent to WIN one pitch.	$42,003	$80,883	$55,050	$25,868	$44,166	$150,642	$109,149	$99,102	$173,839
% of revenue won in a year from pitching needed to cover the non-billed hours spent pitching in a year.	49%	24%	15%	6%	13%	54%	19%	19%	11%
Number of months until the clients won are profitable*	39	19	12	4	10	43	15	15	9

*based on 15% EBITDA

Contents

In this report we will cover the most important outcomes related to pitching and the impact on agency growth:

Photo by Nathan Dumlao on Unsplash

Photo by Hannah Lim on Unsplash

1

The win-rate.

How good are agencies at pitching, and which agency types are enjoying the biggest spoils?

Agencies reported an average win-rate across all disciplines of

48%

Somewhat surprisingly, agencies reported winning an average of a little under half of the pitches they entered.

How does your agency stack up against this win-rate?

If this sounds high, don't despair – in our experience the industry as a whole is typically accepting of a win-rate of around 1-in-3 or 1-in-4 of the pitches they enter.

But how did respondents collectively achieve this average win-rate of 48%? Is it a sign that agencies are thinking more carefully about which pitches they enter? Are they pitching for more projects and less retainers? Or are they pitching less often for higher value work?

Regardless of the underlying success drivers, it does still mean that the average agency from this survey is unsuccessful over half of the time?

So is it glass half full, or glass half empty?

What rate of failure is tolerable? Is a 50% loss-rate acceptable? (And our suspicion would be that our survey attracted – and was completed by – those who are more successful and organised, rather than those who are on a losing streak.)

This is a question only you can answer for your agency. But this debate on acceptable win-rates does show the inefficiency (and potential volatility) of pitching being the crux of your new business strategy.

The following survey results will show how important it is for agency CEOs to really know – not guess at – their own numbers, understand more than their pitch success rate, be honest about the cost of their risk appetite, and ultimately, to assess the financial viability of pitching as their primary growth strategy.

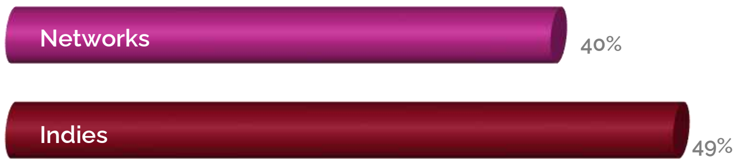
Win-rates: The Indies vs the Networks.

What type of agencies are marketers, brands and businesses responding to most in the pitch environment?

Survey respondents that were independent reported greater pitching success than their owned counterparts at an average 49% win-rate for the indies vs 40% for the network agencies.

Both the networks and the indies enter a similar number of pitches per annum – 11 and 12 respectively, on average, yet the indies are winning pitches more often.

> Looks like indie-owned is currently enjoying a greater appeal and spurring on 'the rise of the independent agency'.



WIN-RATE BY AGENCY OWNERSHIP
(% of pitches won by ownership: indie vs owned)

Which sector reigns victorious?

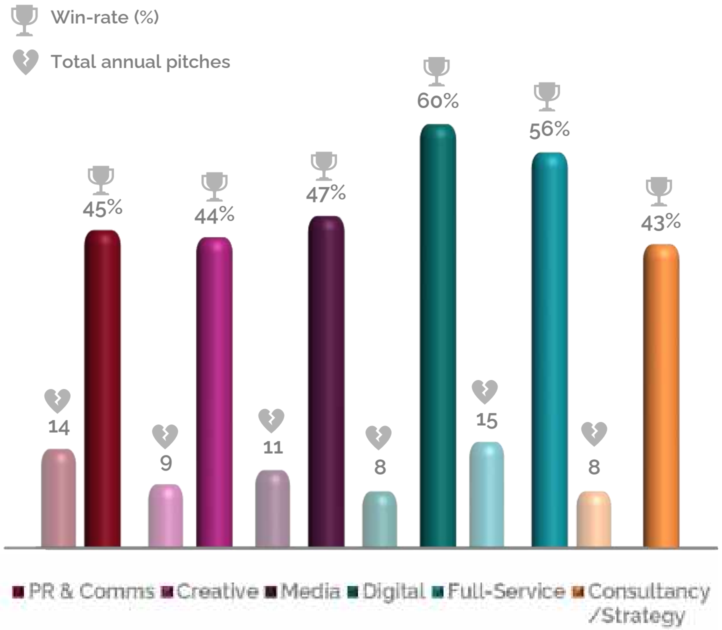
Of the different agency types surveyed, digital agencies experienced a significantly higher success rate compared to other disciplines, with a whopping 60% average win-rate. The only other to closely follow were full-service agencies, at 56%. Both are performing significantly higher than the average (48%).

What's particularly interesting is that digital agencies are pitching less frequently (averaging only 8 pitches a year) than all other disciplines while full-service agencies participated in nearly double – averaging 15 pitches in the last year. Both are in stark contrast to the cross-discipline average of 11 per annum.

Does it pay to be discerning? Are digital agencies benefiting from being more selective about the pitches they enter?

In our experience, the decision to pitch or not, when taken well, is all about overarching strategy.The best agencies have smart 'mantras' to live by: they keep their standards – and their win-rates – high by first asking: "Can we really win this?", "Would winning this client move us towards our business goals?", and the courageous "Say no," to pitches that take their time away from growing the clients they have.

They make more considered calculations by thoroughly vetting the potential of a client, and the longevity of the opportunity on the table – in terms of the work, tenure, and value – before engaging in the process.



AVERAGE PITCH (%) WIN-RATE (by type) **& AVERAGE NUMBER OF PITCHES DONE BY AN AGENCY** (by type in last 12 months)

Is there an operational sweet spot for pitching?

Does size really matter?

When it comes to agencies and pitching - it looks like it does.

When looking at the correlation between agency size and win-rates of those surveyed, similar to when comparing agency disciplines, there are some clear front runners. Agencies in the 20-29 headcount bracket are leading the pack at an impressive 67% win-rate, closely followed by the larger agencies sampled in the 70-99 and the 100-149 bracket, reporting a win-rate of 52% and 54% respectively.

Boutique to mid-sized agencies:

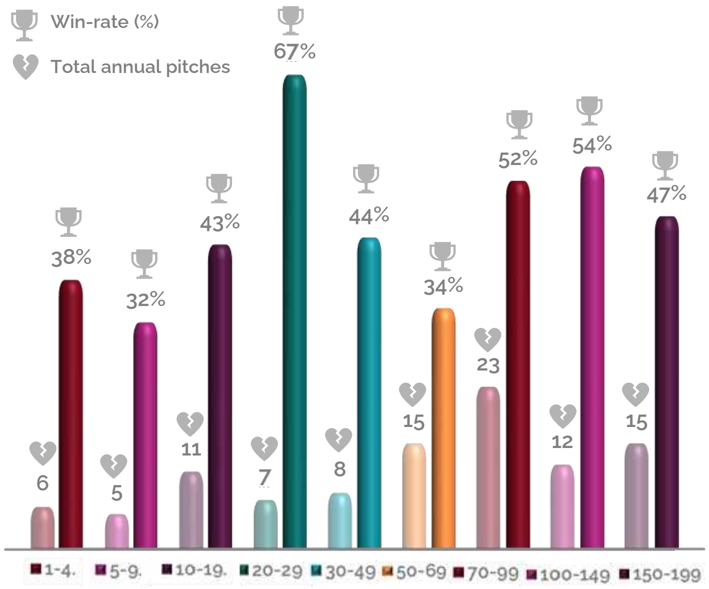
Of the smaller sized agencies, the 20-29 headcount group outstripped the followers in the pack – the smaller 1-4 (38%) and 5-9 (32%) headcount agencies – by almost double.

And what's more, the standout 20-29 sized group experienced the highest win-rate while entering the third lowest number of pitches (av. 7), adding a hint of irony to the well worn adage: "you have to be in it to win it".

Mid-sized to scaled agency headcount:

The 50-69 sized agencies were at the bottom of the pack of the larger agencies with a win-rate of only 34%, 14 points below the winning average.

The most prolific pitchers were the 70-99 headcount agencies pitching 23 times in the year – that's once a fortnight, or 53% more often then the next most frequent pitchers – those with 50-69 and 150-199 – at 15 pitches over the last year.



AVERAGE PITCH (%) WIN-RATE (by size) **& AVERAGE NUMBER OF PITCHES DONE BY AN AGENCY** (by size in last 12 months)

Are all wins created equal?

What's the total pitch pot worth?
Who has access to the most?
What's the value of a win from pitching?

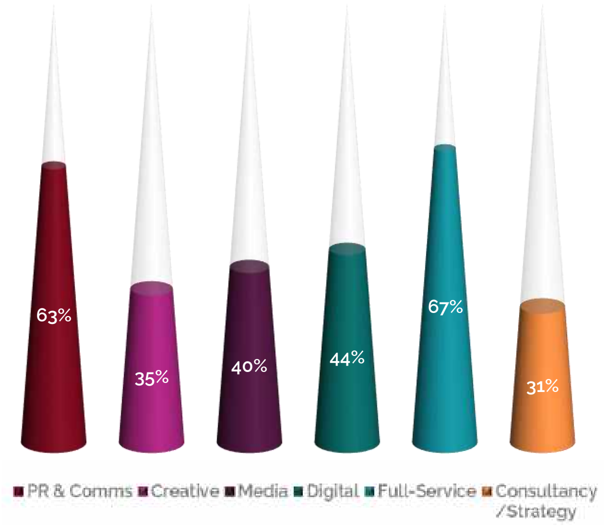
How does the win-rate stack up financially?

What's the $ value of the win?

Top agencies measure the pitch revenue win-rate as closely, if not more so, than the number of pitches won.

Of the agencies surveyed, those in the full-service and PR categories won the highest percent of the total $value that they pitched for (67% and 63% respectively).

With the creative (35%) and consultancy/strategists taking the smallest percentage of the dollar value they pitched for annually.



AVERAGE PITCH REVENUE ($) WIN-RATE (%)
(by agency discipline)

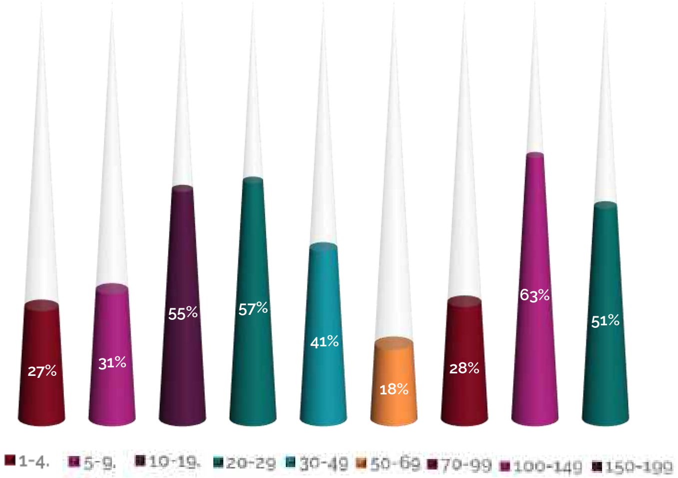
The survey results showed size had a big impact on the revenue win-rate too. The agencies with 100-149 headcount won 63% of the total value they pitched for in the last year.

Closely following were two from the smaller end of the scale. Agencies with 20-20 staff won 57% of the dollar value of their annual pitches, with the 10-19 sized (55%) right behind.

Those winning the smallest percentage of revenue value from the last 12 months of pitching efforts, were the 50-69 FTEs with a meagre 18%.

The scaled 70-99 headcount bracket reported $ success rates of 28%, while the smaller sized 1-4 and 5-9 groups saw the lowest revenue win from all the pitches they entered at 27% and 31% respectively..

The question to answer for your agency is: How much of the available $ value of the pitches you entered last year did you actually walk away with?



AVERAGE PITCH REVENUE ($) WIN-RATE (%)
(by agency headcount)

Photo by Ben Elwood on Unsplash

The total pitch pot for all respondents was valued at:

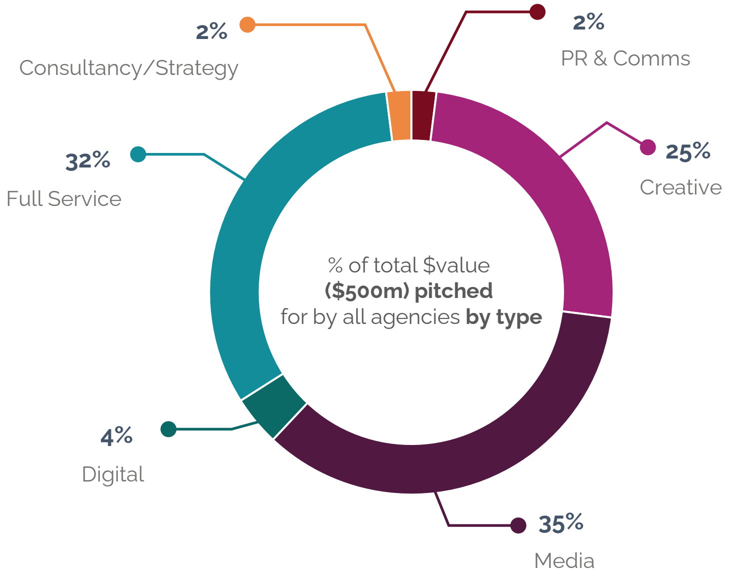
AUD$500,000,000+

Goliath-size, media and full-service agencies vie for the biggest $ share of the available pot.

There was over $500+m total value in revenue (agency income, not billings) pitched for by nearly 100 agency respondents.

By total value pitched for, media and full-service gained the opportunity to access two thirds of the value of the pitch pot between just these two disciplines, vying for 35% and 32% of the pie respectively.

Creative agencies followed, bidding for a quarter (25%) of the total value pitched for across all respondents. The lagging trio of PR, digital and consultancy/strategy combined added up to 8%.

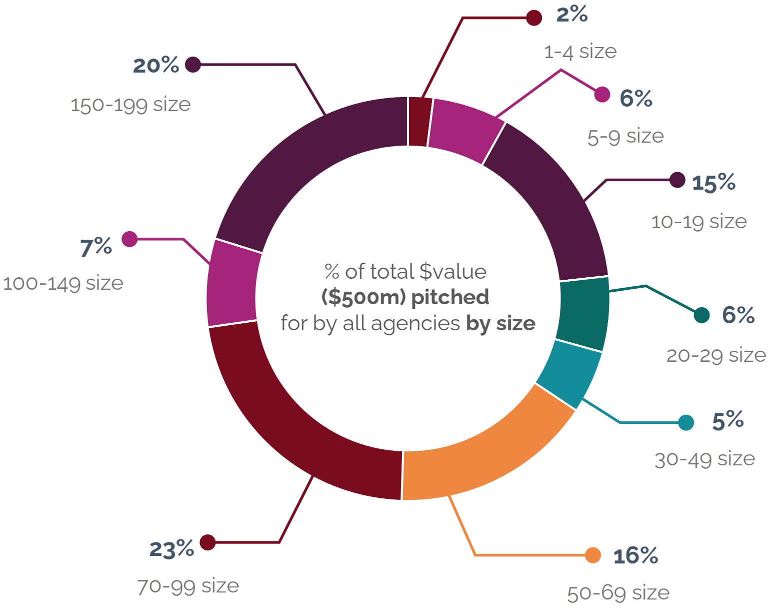


% OF TOTAL $ VALUE ($500m) PITCHED FOR BY ALL AGENCIES
(by agency discipline)

The larger agencies dominated with a combined **50%** of the value on offer this year.

Agencies with a headcount of 70-99 had the opportunity to access 23% of the total value of all pitches, followed by the 150-199 bracket at 20%.

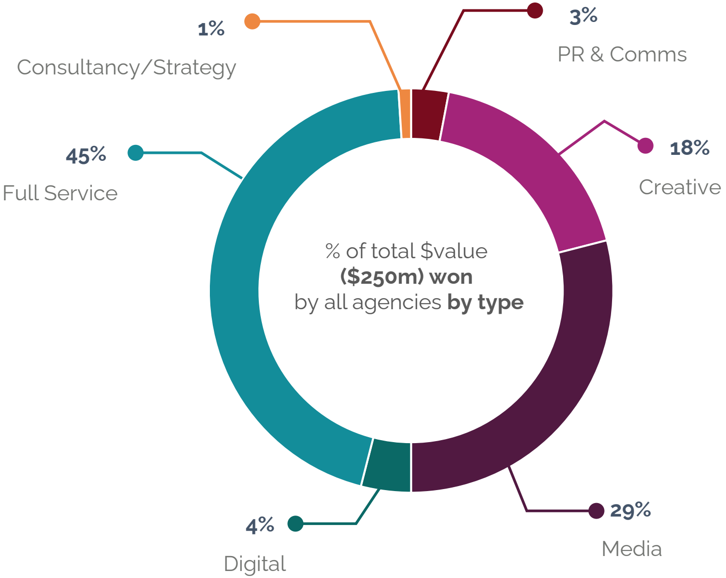
Those fighting for the smallest amount of client income were agencies sized 1-4 (2%), and some surprisingly mid-large sized agencies, with 30-49 headcount at 5% and 100-149 at 7%.



% OF TOTAL $ VALUE ($500m) PITCHED FOR BY ALL AGENCIES
(by agency size)

A good win-rate in pitching is a great result. But which pitches are agencies winning?

Are they really scrutinising the financial value of the ones they win vs the ones they lose?



% OF TOTAL $ VALUE ($250M) WON BY ALL AGENCIES
(by agency type)

Full-service claims the highest $ share.

Full-service agencies won an impressive 45% of the ~$250m reported dollar value awarded to respondents.

Does this reflect marketers continuing to move to the simplicity and efficiency of the 'under one roof' offer full-service agencies provide?

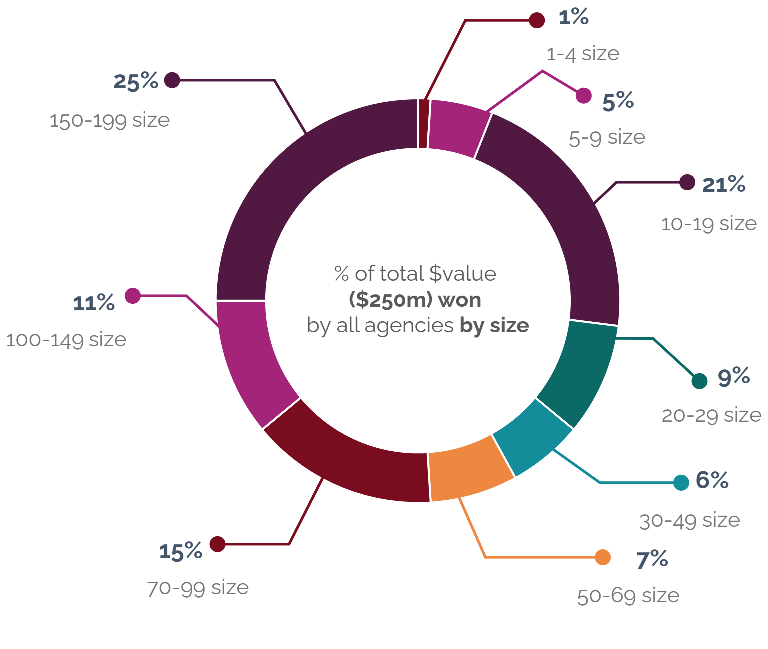
Is the success of this group enhanced by so many specialists' talents coming together to result in the highest revenue win-rate by far of any other discipline?

Perhaps due to their broader skill set and resulting ability to enter more pitches, the survey data shows full-service agencies competed for the biggest share of the $ value on offer, entered the highest average number of pitches (15) last year, and had the second highest win-rate (56%).

Media and creative agency respondents however, the other two major players in terms of competition for $ value available, have not experienced quite the same level of success as their full-service contemporaries.

Media agencies surveyed had access to 35% of the $500+m on offer but as a group only took home 29% of the ~$250m winnings. Similarly, creative respondents were invited to pitch for 25% of the $500+m but only took home as a group 18% of the ~$250m awarded.

Digital, while still a small percentage of the total available, protected their patch, staying steady at 4% of the $500+m pitched and keeping 4% of the ~$250m won.



% OF TOTAL $ VALUE ($250m) WON BY ALL AGENCIES
(by agency size)

Looking at the relationship between agency size and the $ value taken home, the 150-199 headcount agencies were the most successful group, with respondents being awarded 25% of the ~$250m winnings, while only having access to 20% of the $500+ total pitch pot.

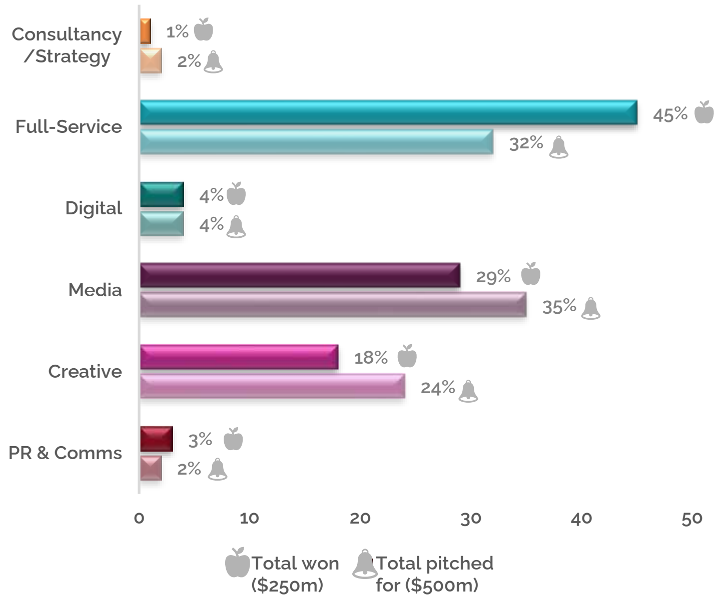
Boutique commands a premium

The most remarkable of all agency sizes was the 10-19 FTEs. They won the second largest portion of the awarded $ value with an impressive 21% of the ~$250m whilst only having access to 15% of the $500+m pitch dollar value pool. This group also pitched the standard 11 times a year, and had a middle-of-the-pack win-rate of those surveyed at 43%.

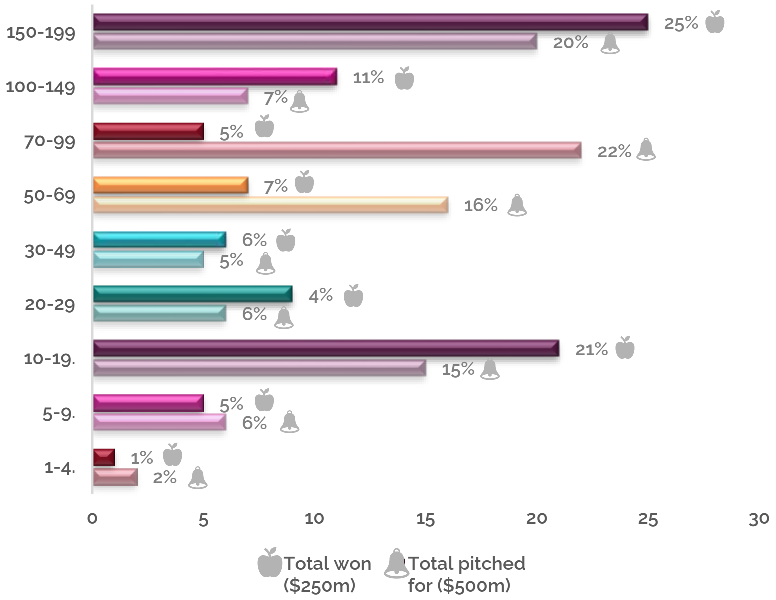
In exact contrast was the 70-99 headcount agency group. They only won 15% of the ~$250m when given the opportunity to vie for 22% of the $500+m on offer.

But the worst performing size group was the 50-69 FTEs taking less than half of what they could have, pitching for 16% of the $500+m but only securing 7% of the ~$250m taken home.

How much of the $500m pitched for vs $250m winner's pie total, by type vs size?



% HOW MUCH OF THE $500m PITCHED FOR vs $250m TOTAL WON
(by agency type)

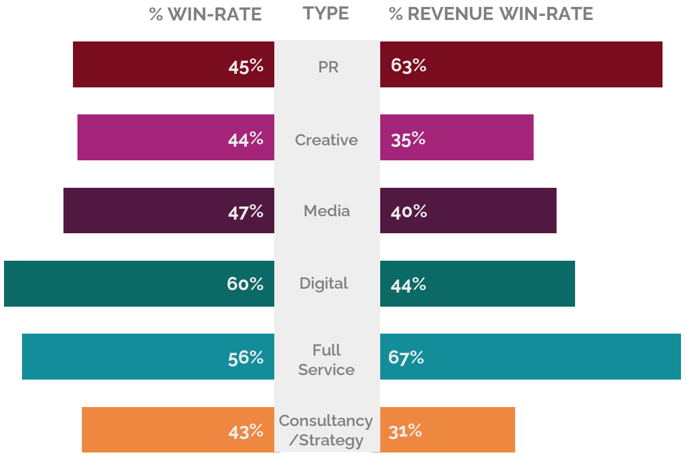


% HOW MUCH OF THE $500m PITCHED FOR vs $250m TOTAL WON
(by agency size)

Photo by Daniel Clay on Unsplash

Win-rate in numbers vs win-rate in dollars. Quantity or quality?

Of agencies surveyed, win-rates may have been high, but the percent of the pitching pot that they walked away with didn't always tally



% WON OF $s AVAILABLE IN RELATION TO % WON OF PITCHES ENTERED (by agency discipline)

PR & comms respondents applied their effort wisely, gaining a high portion of dollar value available, while digital and consultancy/strategy agencies experienced a gap in the number of pitches won vs share of the $ value awarded.

Full-service agencies could be viewed as the most successful discipline, winning 67% of the pitch revenue value on the table and 56% of the pitches they entered.

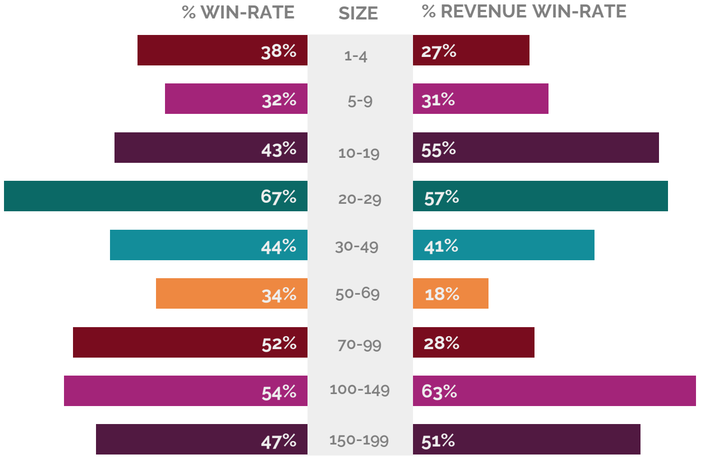
However, their PR & comms peers came a close second in terms of revenue win-rate, at 63% of the dollar value they bid for, but with only a 45% pitch win-rate - an agency group that is clearly investing their effort on the maximum dollar gain opportunities.

Digital was the agency group with the largest discrepancy between their win-rate (60%) and the percent of available dollar value they took home (44%).

The poorest performing group of those surveyed, who fared only marginally better in terms of discrepancy, were somewhat surprisingly, the consultancies/ strategists showing the lowest revenue win-rate, at only 31%.

This could be due to the complexity and total value of these opportunities, but a return rate certainly worth considering for this group when evaluating new business strategies.

When it comes to agency size, there are consistent sweet spots.



% WON OF $s AVAILABLE IN RELATION TO % WON OF PITCHES ENTERED – (by agency headcount)

The agency size group with the highest revenue win-rate (63%) was the 100-149 headcount bracket.

The 10-19 sized agencies impressed with a 55% revenue win-rate on a 43% win-rate in terms of number of pitches entered.

The second highest revenue win-rate was achieved by respondents in the 20-29 headcount bracket, but with a 10-point drop from their 67% pitch win-rate to their 57% revenue share agencies in this category may want to pay close attention to where they have the best ability to compete as they stretch for larger accounts.

Those reporting the largest discrepancy between pitch win-rate (52%) and revenue win-rate (28%) were respondents in the 70-99 FTE group.

When looking at respondents' win-rates in terms of number won, and also the revenue share secured against those wins, we can see how the growth journey of an agency - and the operational growing pains that accompany that - play out.

In our view, it is vital that agency leaders take a strategic and measured view of what they are pitching for, and what share of value they are actually securing from their pitch endeavours - which of your pitches are you winning? Are you pitching for accounts at the right level? Is your agency walking away with the big-ticket accounts?

What do the $ figures look like for the average winner?
After all that effort to win, which agencies increased their top-line growth the quickest?

The actual dollar value of the average pitch-win an agency took home varied wildly depending on discipline.

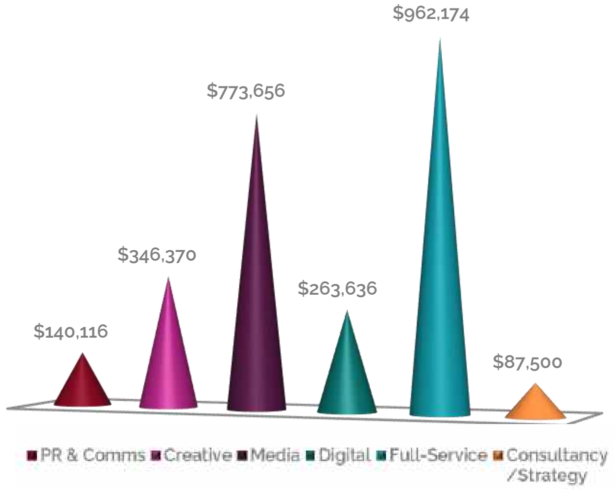
The full-service agencies surveyed reported an average pitch-win worth close to $1m. An impressive 25% more than the average revenue win media agency respondents took home ($775k).

And it was a steep drop from there (over a $400k decrease in win value) showing a hard-earned win for the creative agencies ($350k) was barely a third of the dollar value of what the full-service agencies were winning.

Is this evidence that clients are consolidating their marketing investments with agencies that can do all, or most, of what they need in one place?

Do agencies still struggle to persuade clients to pay for the value of their thinking?

Somewhat surprisingly, the consultancy/strategy shops participating in the survey once again came in bottom in the rankings, receiving less than $90k for the average client win – a far smaller average than any other agency discipline.



AVERAGE PITCH–WIN $ VALUE PER PITCH
(by agency type)

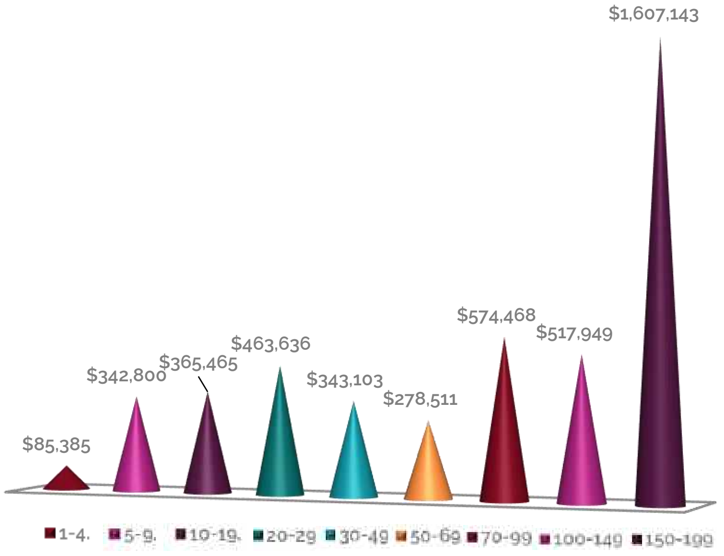
Unsurprisingly there are vast gaps in revenue value achieved through pitching that correspond to agency size groupings.

However, what is particularly noteworthy is the phenomenal jump in value scale between the largest agency size and one bracket down - the 150-199 headcount agencies enjoying an average pitch-win dollar value of more than 300% more then the next size band, at $1.6m each win.

Consistent throughout the report are the sterling results of the 20-29 headcount agencies, averaging $465k per win. Their average wins were ~$100k ahead of their similar sized agency peers: 10-19 ($365k) and 5-9 FTEs ($343k).

By now the evidence of pitch pace, win-rates and revenue win-rates show the great effort each of our respondent agencies have invested in order to win and grow.

Do these dollar figures they come home with for each hard-earned win feel worth the investment?



AVERAGE PITCH-WIN $ VALUE PER PITCH
(by agency size)

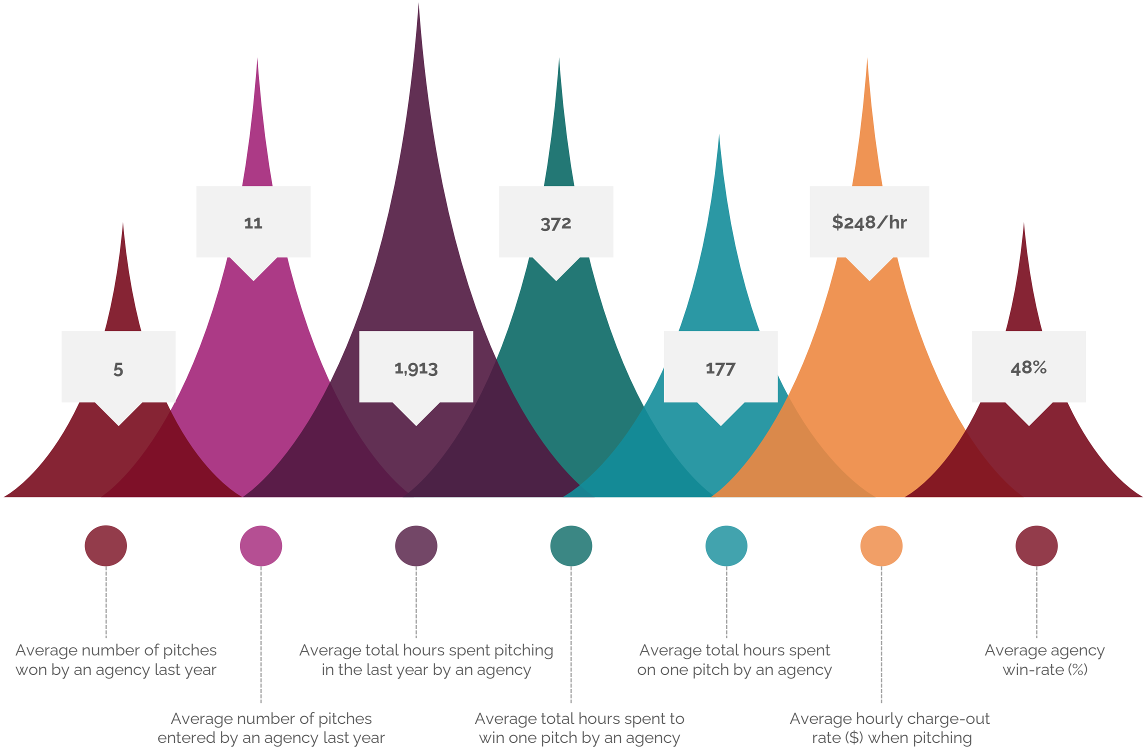
Photo by Alex Iby on Unsplash

What's the OUCH! Factor™?

Which agency groups invest the most time and money in pitching?
And is it worth it?

The portrait of an average agency – by the numbers.

(Summary data points agency average)



On average, an agency spent a total of **177 hours**, that's **22.2 days'** worth of staff time, on **each pitch** they entered.

This is the equivalent of one employee working **one full working month** on just one pitch.

The typical agency did **this 11 times a year.** And **only won 48%** of the time.

They spent nearly 2,000 hours a year pitching but only **won 5** pitches, so they needed to pitch for nearly **400 hours before they won anything.**

“F*** Pitching!”

said one courageous agency CEO, before going on to have one of the best years of growth in a decade.

We had won a lot of business. But we asked: ‘How do we win business without going through the pitch process? How can we be more strategic and focused’ … it was about pursuing the brands, clients and people that we wanted to work with versus responding to the telephone calls that came in.

Jules Hall, CEO & Founder, The Hallway

Photo by Aarón Blanco Tejedor on Unsplash

How much time are agencies investing PER ANNUM to win their future clients?

The average agency respondent spent almost 2,000 hours pitching last year.

It's an astute agency CEO who knows the number of hours per annum their team spends pitching. And many a marketer might be shocked to learn that number.

> Digital was the most efficient discipline grouping of those surveyed, but full-service and scaled agencies seemingly have the most resource to burn.

Of those surveyed, the average full-service agency invested significantly more human resource in pitching than other disciplines spending over 3,300 hours a year (per agency). They invested over 1,000 hours more than the next in line, the media agency respondent group, clocking more than 2,300 pitch-hours per annum.

It was a substantial drop to the next rung where PR & comms firms and creative agencies were about even with ~1,500 pitch-hours for each average agency in the last 12 months.

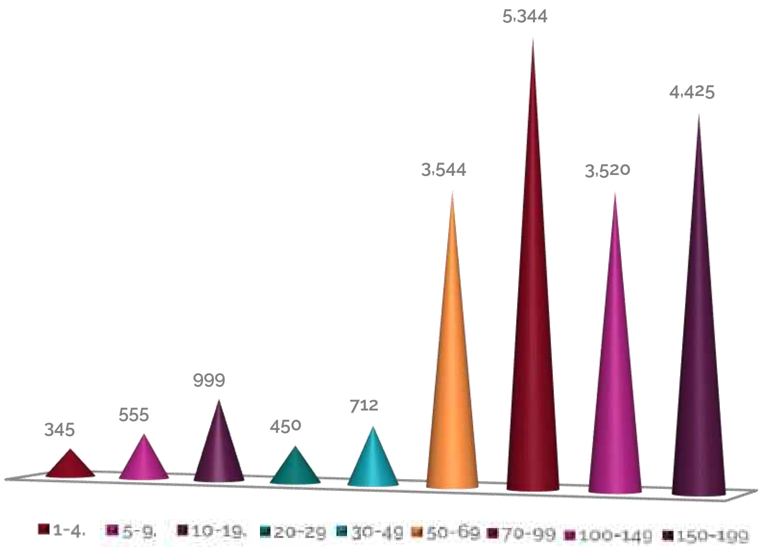
Digital agencies may prove to be the most efficient with their time with an average agency pitch-hour investment of a comparatively low 700 in a year.

That's close to 80% less time than the full-service agencies are investing, and 70% fewer hours to the media agencies. Which, when looked at in combination with their win-rate of 60% is evidence of artful selection and a highly strategic approach to pitching.

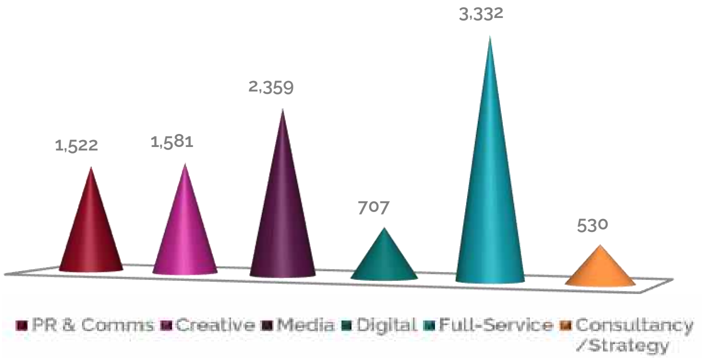
Analysing agencies by headcount saw the starkest contrast with the large agencies over 50 FTE burning through several thousand hours of pitching annually compared to the more judicious smaller agencies all investing less than 1,000 pitch-hours a year.

The 70-99 sized agencies top the league (although we're not sure this is a prize they want to win), with over 5,300 pitch-hours a year for the average agency that size. That's significantly more time than the top time spending smaller agency – the 10-19 FTEs just skimming in under 1,000 per year – and more than their larger, better resourced competitors.

Average total hours spent pitching in last 12 MONTHS per agency by type and size.



AVERAGE TOTAL HOURS SPENT PITCHING IN LAST 12 MONTHS
(by headcount)



AVERAGE TOTAL HOURS SPENT PITCHING IN LAST 12 MONTHS
(by discipline)

174,000 hours.

Total time almost 100 responding agencies spent pitching in the last 12 months.

AUD $44,000,000.

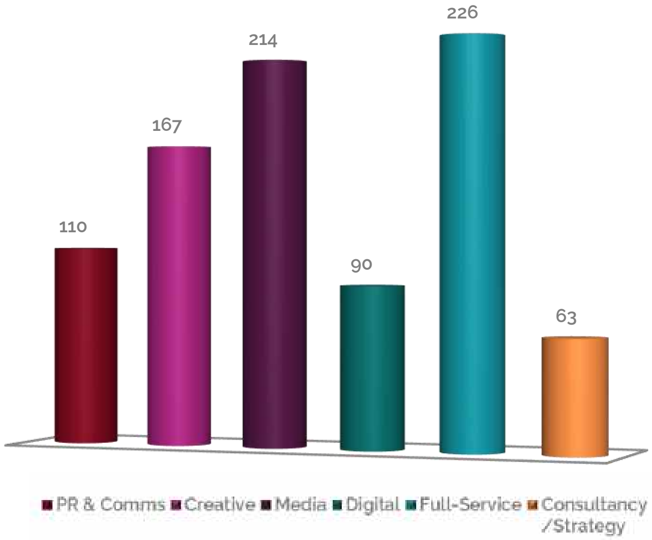
The collective $value of those hours if clients paid for all that non-billable time.

> ***Imagine if we put $44m worth of head hours, of creative lateral problem solvers, to work on the biggest problems in the country?***
>
> *If we can spend $44m not winning [pitches] then surely there is some good we could be doing if we diverted that into the purposes and causes that people are incredibly passionate about anyway. That's a phenomenal change that could be brought about if some of those resources were deployed on the world's biggest problems.*

Imogen Hewitt, CEO, Spark Foundry (Publicis Media)


Photo by Aarón Blanco Tejedor on Unsplash

How many hours does ONE pitch need?



AVERAGE TOTAL HOURS SPENT ON ONE PITCH
(by discipline)

While our respondents showed that the average agency spends 177 hours on the average pitch, the numbers shift remarkably when taking agency type and size into account.

Full-service (reporting 226 hours/pitch on average) and media reporting (214 hours/pitch on average) invested the most time of all disciplines on *each* pitch they participated in.

This far higher than average time investment comes as no surprise when considering their proportionately higher than average win-rates and revenue win-rates.

Digital agencies (90 hours/pitch) spent nearly half the time of the all-agency average (177 hours/pitch) and 136 hours less than the full-service agencies. 63 hours a pitch were all the smart consultancies/strategists spent on each pitch they entered.

As would be expected, results showed a big disparity in time spent on the average pitch when looking by agency size, with the largest agencies investing the most time on pitches, and a drop in time correlated with a drop in size.

There was, however, a staged leap in time spent at the 50+ FTE agency mark, perhaps marking the tipping point at which agencies truly have operational capacity to consistently invest in pitching as part of their new business strategy.

Results showed every agency less than 50 FTEs barely spending 100 hours. Those with a headcount of 20-29 and 1-4 were the most discerning with their per pitch time keeping under 65 hours, a mere 20% of what all the agencies over 100 staff spent on a pitch.

The average agency had to spend c. **400** hours pitching for each client win.

Media agencies surveyed clocked up the longest average hours to win a pitch (457 hours/win), reporting 300 hours more than the digital agency respondent group with a low 150 hours average investment for a new client win.

Full-service agencies fared a little better than media respondents spending about the average of a typical agency (406 hours/win).

PR & Comms were more efficient with time with 243 hours to win a pitch, and consultancy/strategy invested the least time to win with less than 150 hours.

Staff size again saw a great divide between the large and small agencies. A staggering 679 hours was what the 50-69 FTEs needed to secure a win. That's seven times more than the 20-29 with less than 100 hours for a win.

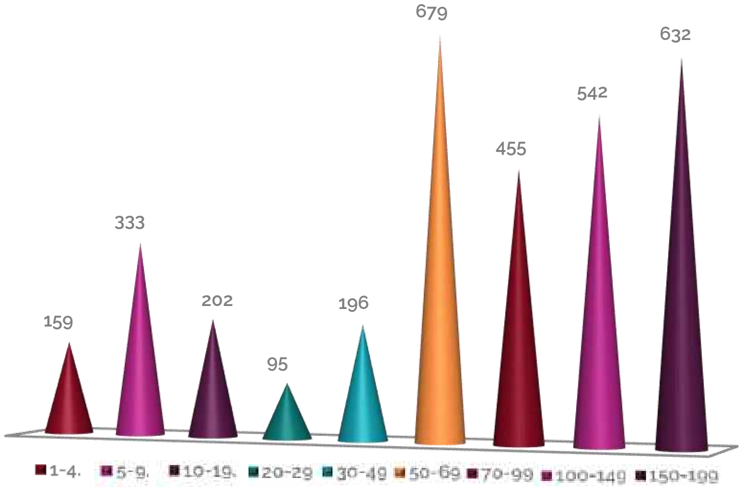
The 150-199 were only marginally better (632 hours/win). Hours to win dropped in step with a drop in staff numbers from 150 to 70 FTEs.

Oddly, the 5-9 headcount agencies had to invest nearly 340 hours to secure a win – 50% more time than the next in line, the 10-19 sized agencies at 202 hours per win, but over 200% from the winners in time management – the 20-29 sized at under 100 hours per win.

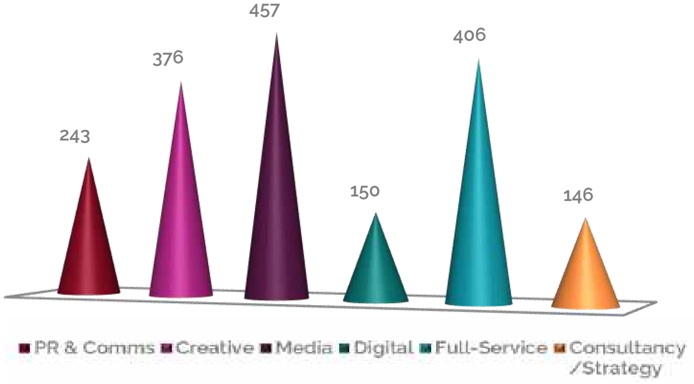
679
Hours to win one pitch for agencies with 50-69 FTEs

457
Hours to win one pitch for media agencies

Average total hours spent to WIN one pitch per agency by type and size.



AVERAGE TOTAL HOURS SPENTTO WIN ONE PITCH
(by headcount)



AVERAGE TOTAL HOURS SPENT TO WIN ONE PITCH
(by discipline)

Photo by Victor Grabarczyk on Unsplash

Photo by Simon Zhu on Unsplash

What is the cost of all of this time spent pitching?

At an average charge out rate of
$250 per hour for all the personnel involved,
if a client paid for this time, it would equal

$475,000

in annual revenue per agency.

Each pitch required

$44,000

of non- billed hours BUT to

WIN one client nearly **$100,000**

of non-billed hours had to be invested.

OUCH!

Pitch team charge-out rates – haven't budged much in a decade.

Each type and sized agency respondent shared their average pitch team hourly charge-out rate – the amount they'd charge if a client paid for the same time.

The average reported rate was $250/hour – which has stayed constant (as a typical hourly fee) for well over a decade.

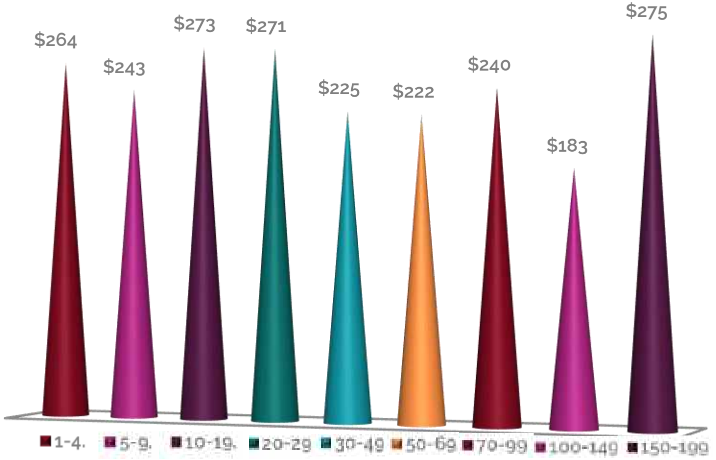
This stagnation in averaged charge-out rates presents a dilemma for agencies looking to achieve growth objectives, in particular if they are battling a scarcity of talent and increasing investment to attract the best hires.

Consulting/strategy firms were the only agency discipline to report notably different rates at close to $300/hour equivalent charge-out rate, had they billed a client for the same time they spent pitching. All other disciplines hovered between $230 and $250/hour.

Agency size however, seemed to result in a substantial difference in equivalent charge-out rates.

Coincidentally, there was a three-way tie on the headcounts agencies put the highest value teams on a pitch – with opposite ends of the FTE scale matching each other – over $270/hour equivalent charge-out rate was reported for not only the largest agencies (150-199) but also those on the smaller size – (10-19 FTEs & 20-29 FTEs).

Only agencies in the 100-149 staff count seemed to be skimping on the senior level of talent on their pitch teams – spending barely over $180/hour – that's almost $100 less per hour than the top placed.



AVERAGE HOURLY CHARGE-OUT RATE ($) WHEN PITCHING
(by agency size)

What does a WIN cost an agency in non-billed time?

$100,000

is what the typical agency had to invest in non-billed hours before they won a client.

Media agencies surveyed ($115k) paid close to $20k more in time to chalk up a win than the full-service ($95k) and creative ($90k) agencies.

But the digital agencies had the rest beat with only $35,000 of unbilled time required on average for each success.

Size wise headcounts with 150-199 ($175,000 for a win) and 50-69 ($150k/per win) top the list investing the most in opportunity costs.

The shrewdest with their time investment were the agencies in the 20-29 headcount grouping reporting only having to invest just over $25k in unbilled hours to win the average pitch – that's seven times less than the larger 150-199 staffed agencies surveyed.

The 5-9 FTE agencies paid the most of the smaller headcounts with $80,000 the value of the time they invested before they won a client. That's not far off from the 70-99 staff ($110k/win) and 100-149 headcounts ($100k/win) - perhaps an indication of how central pitching is to the new business strategy of agencies at either end of the size spectrum.

What % of revenue an agency wins in a year is needed to pay for all the non-billed time it takes to win it?

Our respondents showed that the typical agency needed **17%** of all the revenue they won in a year of pitching to cover the equivalent dollar-value of all unbilled hours they invested in pitching.

The survey revealed that consultancy/strategy firms would need a staggering 49% of their reported annual win-revenue to recover the billing equivalent of the pitch-hours invested in the last 12 months.

PR & comms had to shave 40% off their win-revenue to recoup the equivalent in billed hours that they spent pitching, while creative agencies would have to forfeit 26% of the annual win-revenue, but media (15%), digital (13%) and full-services (10%) were all showing less than 15% of their win-revenue was needed to recoup their non-billed annual pitch time.

The agencies with 50-69 staff might be questioning if they should pitch or not in the future as this groups' results showed 54% of their win-revenue was needed to counterbalance the last 12 months of hours pitching. After all that effort they might be thinking it was hardly worth the cost.

The smallest of the boutique agencies (1-4 in size) were also sacrificing 49% of their win-revenue for the joys of all their pitch-hours per annum - possibly because of the seniority of those typically involved in a pitch at this scale of agency.

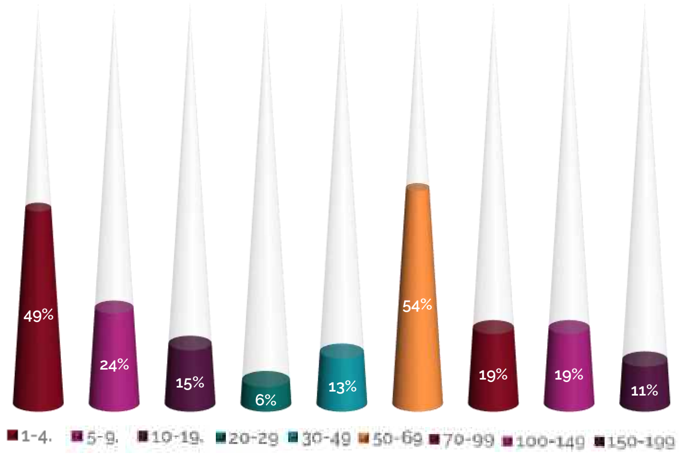
An interesting contrast with the marginally larger of the boutiques, those with 5-9 staff, looking at 24% of their win-revenue required to recoup the equivalent hours in billings.

> Agencies in the 20-29 headcount bracket impress once again, requiring only 6% of their reported average win-revenue to cover their unbilled pitch-hours.

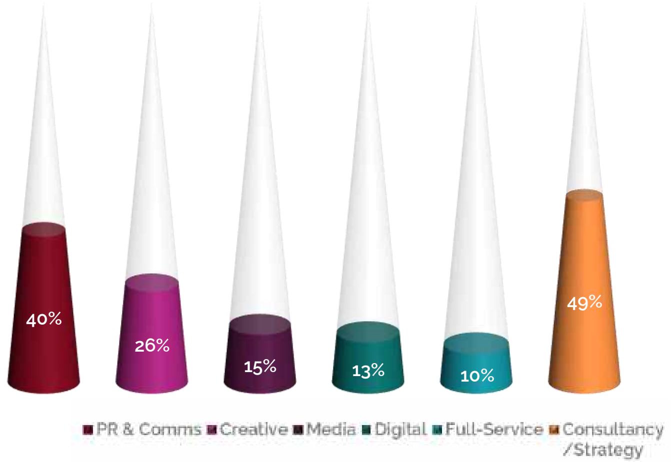
Given most agencies hover between 10% and 20% EBITDA per annum these percentages of win-revenue required to return the time agencies spent pitching in a year show how critical it is for agency leaders to carefully consider how pitching delivers in line with their growth ambitions – is this tolerable acquisition cost, are the accounts won meeting broader growth objectives, or is there a smarter way to drive revenue growth?

Undoubtedly clients would be none too happy to hear of these numbers either. The majority of CMOs want their agencies to be vibrant, successful and profitable businesses so they can hire the best talent and continue to do outstanding work.

Percentage (%) of revenue won in a year from pitching needed to cover the non-billed hours spent pitching in a year, by agency discipline.

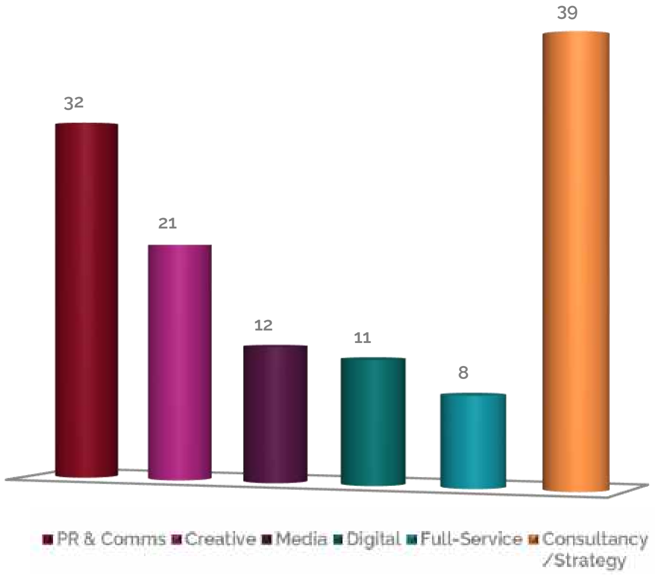


% OF REVENUE WON IN A YEAR FROM PITCHING NEEDED TO COVER THE NON-BILLED HOURS SPENT PITCHING IN A YEAR
(by headcount)



% OF REVENUE WON IN A YEAR FROM PITCHING NEEDED TO COVER THE NON-BILLED HOURS SPENT PITCHING IN A YEAR
(by discipline)

How long does it take for a new client to *really* become profitable after the win? A year, or longer?



AVERAGE NUMBER OF MONTHS UNTIL THE NEW CLIENTS WON ARE PROFITABLE (by discipline)

Is it worth it, or is it the hardest way to increase the bottom-line?

The time to win a pitch is one thing, the value of the win another, but is the old adage: 'the first year of working on a client is at best break-even', true?

Not only do we have to consider recouping the 'opportunity cost' of the win, but what about all that on-boarding time and over-servicing agencies are so overly generous in showering on a new client? This report focused solely on the upfront win investment. The results are compelling – in places, harsh.

The survey reveals that the average agency needed 1.2 years (14 months) before the effort and soft costs of pitching converted a client win into profitability.

This will come as no surprise to many readers, as the industry has always subscribed to the self-imposed idea that agencies won't make any money for the first year of a new agency-client relationship – but is this something we want to continue to subscribe to?

But not all adhered to the industry 'rule of thumb' - the consultancy/strategy and PR & comms agencies reportedly faced the steepest recovery time at 3.3 years (39 months) and 2.7 years (32 months) respectively - meaning agencies in these groups could potentially not break even until after the tenure of the CMO that hired them.

Creative agencies (1.8 years or 21 months) fared marginally better, but still 6 months longer than the average time to see anything go to the bottom-line.

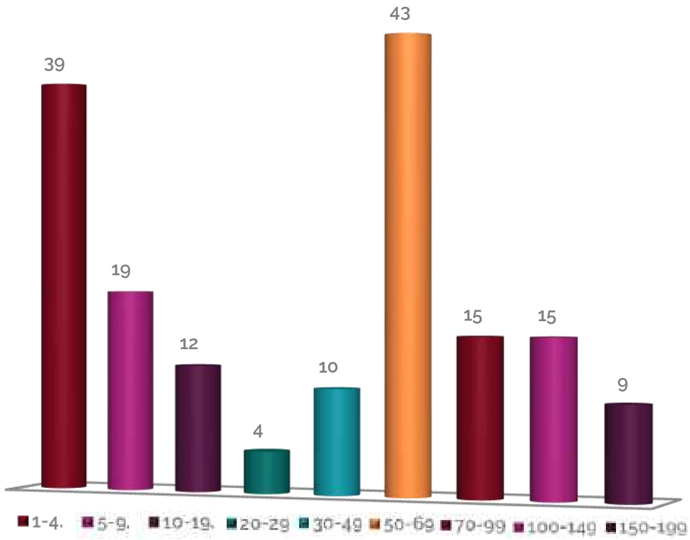
Yet in stark contrast were the full-service agencies (0.7 years or 8 months) who were the quickest to see a profit from their top-line new client growth. Digital (0.9 years or 11 months) and media (1 year or 12 months) experienced the industry assumption as their reality.

Agencies with 50-69 headcounts would find profitability from all their new client-wins hard to come by, respondents confirmed 3.6 years or **43 months** had to pass before they stepped out of the break-even cycle.

They were closely followed by the 1-4 (needing 3.3 years or 39 months). Both took 2 years longer than the next agency size brackets before seeing new client profitability.

The group to emulate – again – was the 20-29 headcount, bucking the trend by requiring a mere 4 months for profit to become apparent – that's 5 months faster than the next quickest, the scaled 150-199 FTE (0.7 years or 9 months) and 30-49 FTE (0.8 years or 10 months) groups.

Closer to the average amount of time to see margin were the 10-19 (1 year or 12 months), the 70-99 and 100-149 tied as 1.3 years or 15 months recovery to profitability.



AVERAGE NUMBER OF MONTHS UNTIL THE NEW CLIENTS WON ARE PROFITABLE (by headcount)

Annual revenue needed to recoup the opportunity cost of pitching.

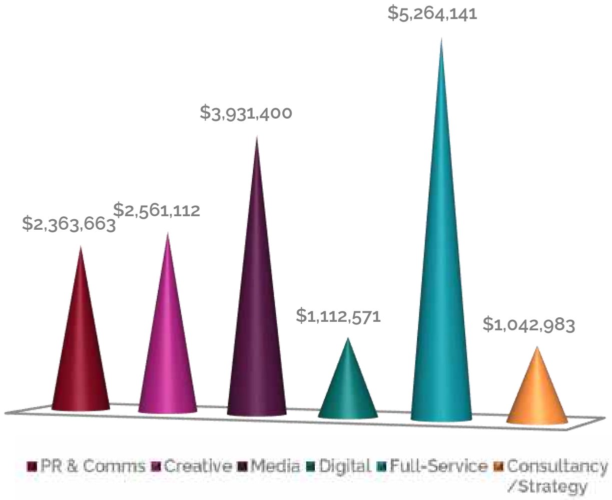
$3.2 million is the revenue that an agency making 15% EBITDA would need to earn to recoup the average reported total dollar value of the unbilled hours spent pitching in the last 12 months.

Moreover, if an agency was earning a lower margin of 10% EBITDA per annum, then $4.8m would be the revenue target needed. Yet even the more successful agencies enjoying a higher 20% profit margin would still need to achieve $2.4m to cover all the time that they will not be able to bill clients for, because they have invested it in pitching instead.

A considerable amount for any agency size, regardless of an agency CEO's skill at achieving, not to mention maintaining, a profitable business.

The average full-service agency would require $5.3 million of revenue, the highest amount of any agency discipline, to recover the pitching-hours of the last 12 months – $1.3m more in additional revenue than the next competing discipline, the media agencies ($3.9m revenue), and double the revenue creative agencies ($2.6m) would have to achieve.

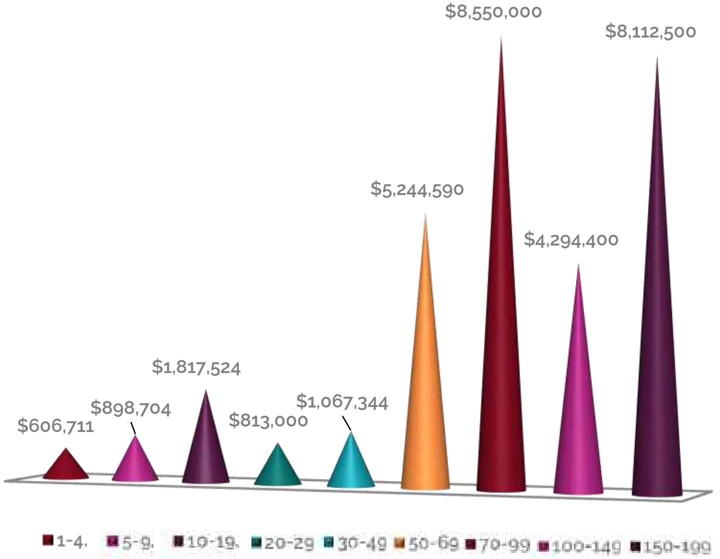
Interestingly, the PR & comms agencies had a high revenue target to recover their pitching-hours ($2.4m) almost on par with the creative agencies surveyed. While, digital and consulting/strategy triumphed once again, needing five times less than the top groups at $1.1m and $1m required respectively.



ANNUAL REVENUE NEEDED TO RECOUP NON-BILLED HOURS SPENT PITCHING
(by type. *based on an agency with 15% EBIT)

Turning to agency groups by size, those feeling the most pain for spending their time pitching proved to be agencies with headcounts of 70-99 ($8.5m) and 150-199 ($8.1m) reportedly needed between a staggering 60% and 90% more revenue than the next two agency sizes in line – 50-69 FTEs ($5.2m) and 100-149 ($4.3m).

Except for the 10-19 headcount agencies (needing $1.8m) the rest of the under-50 FTEs required less than $1 million in revenue to recover their pitching time, showing a clear divide between the upper and lower ends of the spectrum in terms of agency size, invested resource and the amount of revenue potentially required to recoup the opportunity cost.



ANNUAL REVENUE NEEDED TO RECOUP NON-BILLED HOURS SPENT PITCHING (by size. *based on an agency with 15% EBIT)

Photo by Kristopher Roller on Unsplash

A view from the marketers.

What's happening on the other side of the fence?

Average number of hours client organisations typically spend on each pitch?

125 hours.

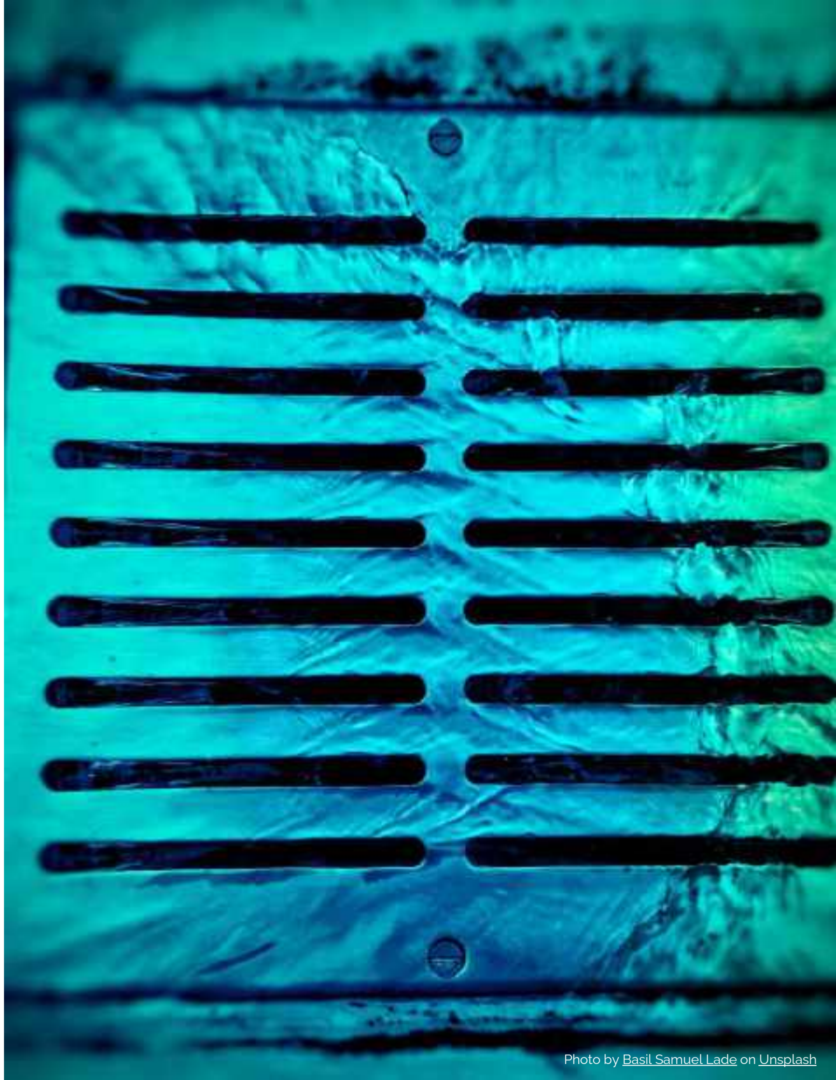


Photo by Basil Samuel Lade on Unsplash

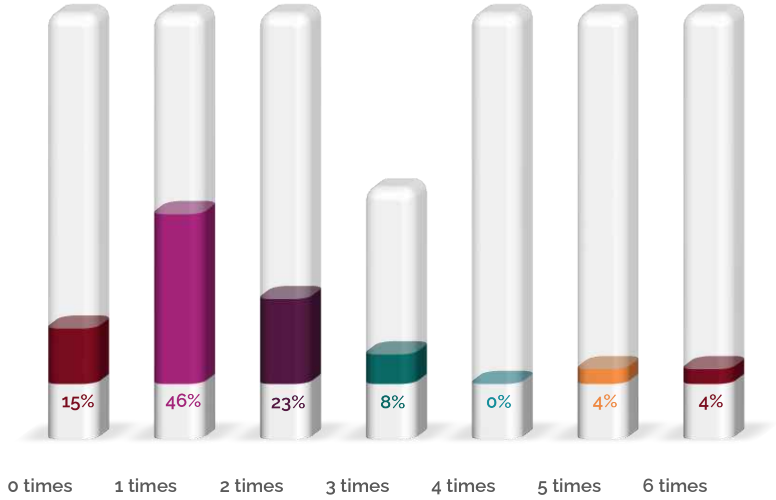
Marketers and their pitching cadence

38%
of marketers report the
average length of the pitch process
from issuing the brief to final agency selection to be
3 months.

Nearly half of the responding marketers reported they only went out to pitch once in the last year, while 25% reported needing to put their account out to tender twice.

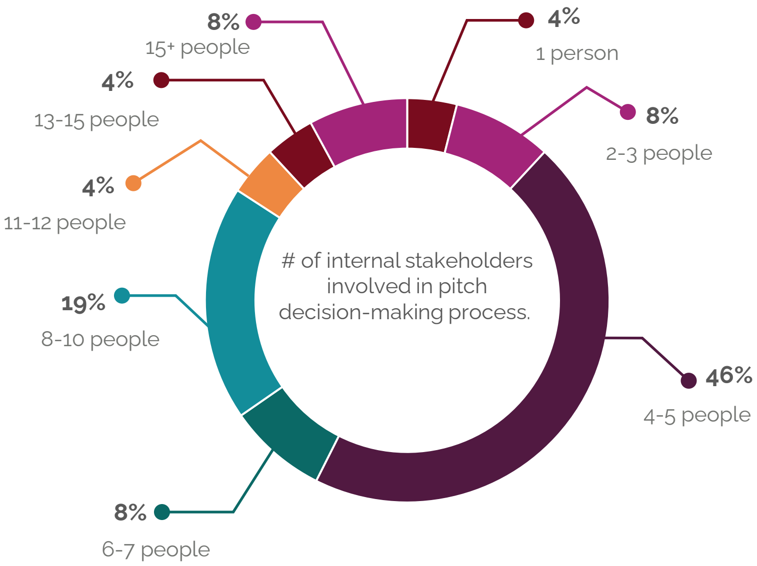
However, procurement – not surprisingly – were much more active than the CMOs confirming they held 4 to 5 pitches over the same time.

40% of marketers reported a typical pitch lasted 3 months, with 75% signaling their pitches lasted 3 months or less. A substantial 20% of marketers reported 4 to 6 months were needed to confirm the new relationships they appointed.



NUMBER OF TIMES MARKETERS CALLED A PITCH IN THE LAST 12 MONTHS

Responding marketers have confirmed by 50% that the average number involved in selecting an agency was 4-5 people.



NUMBER OF INTERNAL STAKEHOLDERS INVOLVED IN PITCH DECISION MAKING PROCESS.

20% confirmed that typically 8 to 10 people client-side have a say in agency selection, while almost 10% of marketers cited 11-15 deciding-stakeholders were needed to align for consensus.

Close to 10% confirmed 15+ people client-side teamed up to select the agency – the same percentage that reported needing three times the amount of time (9 months) to decide on the pitch winner.

However time consuming a pitch process is for the agency, the marketers and client team do not enter into the process light-hearted or uninvested either.

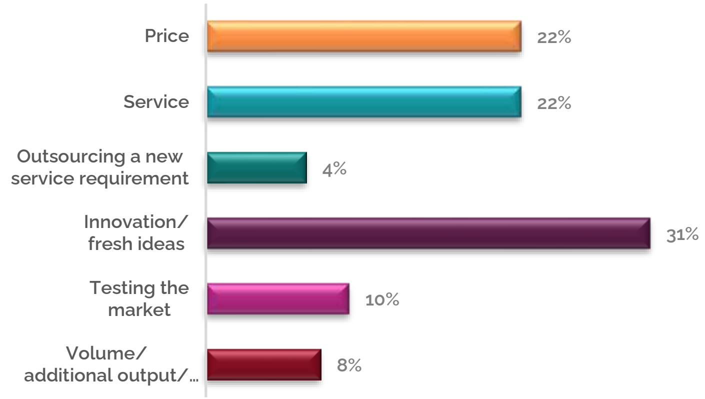
> An astute agency CEO is one to ask if all client-side stakeholders are at the table meeting the agency team, or are some hidden from the process yet wielding an influence?

Pursuit of fresh ideas is the main driver for marketers in calling a pitch.

Marketers may have a number of reasons for calling their agency relationship into question or hankering for them to be refreshed, but respondents cited 'innovation and fresh ideas' as the number one reason for going to market, with a third (31%) of marketeers agreeing.

Over 20% agreed that 'price' and 'service' tied as the next two key reasons for needing to refresh their agency line-up.

10% cited 'testing the market' as the impetus for calling a pitch and 8% confirmed the need to move was due to 'volume/additional output/ capacity' issues with their agencies, showing that although price and service are key to a happy agency/client relationship, they aren't the pivotal point.



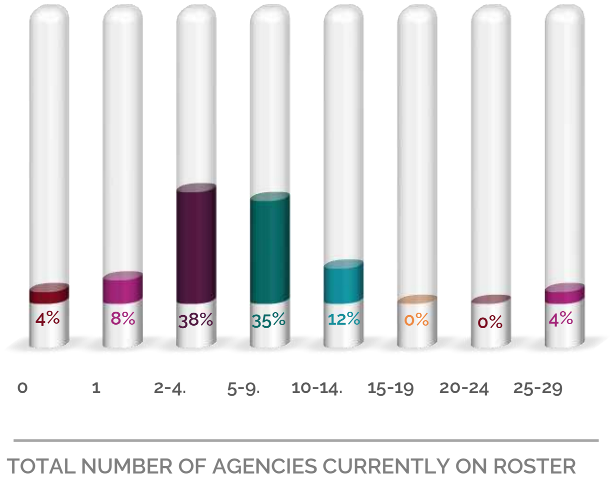
REASON MARKETERS GAVE FOR HOLDING AN AGENCY REVIEW

Once a new agency was appointed, how many on the client's roster would they be joining?

Two-fifths (38%) responding on the marketing side shared they had a tight-knit group of only 2-4 other agencies on their roster, with 35% of marketers confirming a need for a larger pool – 5-9 agencies in the family they called on to help achieve their marketing objectives.

10-14 agencies made up the total roster for over ten percent (12%) of our CMOs, and just under 5% of the surely larger sized enterprise companies decided to have a virtual cornucopia of agencies – reporting 25-29 agencies worked on their business.

On the other end of the scale just under ten percent (8%) preferred a more intimate agency relationship citing only one agency made up their roster. And bucking the trend nearly 5% reported going it alone with no agencies currently rostered.



How long did the romance last?

We've seen both sides of the agency client relationship invest outstandingly long lengths of time across the pitching spectrum. But for all that devotion what type of return can be expected?

Average agency tenure?

2-4yrs

Half (46%) of our responding marketers confirmed the typical agency client relationship usually lasts only as long as the average CMOs tenure (2-4 years).

Given this short timespan we can see that agencies with clients for the shorter end of that range can find they only have a year where that client's work produces a profit margin for that agency's bottom-line.

Nearly a quarter (23%) of clients confirmed they prefer a long relationship lasting 5-9 years.

This bodes well for the agency CEO who is counting on a longer tenure to even out the steep 'opportunity cost' of filling their pipeline by, predominantly, relying on pitching as the key method to win new clients.

Happily, over 15% of marketers reported having agency relationships that lasted a decade or longer.

On the more transient side, almost 10% kept their agencies for only a year to two max, 5% agreed they kept their agencies for less than 12 months, and the final 5% even shorter, had fleeting dalliances with their agencies lasting less than 3 months.

Photo by Jon Tyson on Unsplash

Conclusion.

Conclusion

Many agencies struggle to keep the following 3 'plates spinning' at the same time:

1. Achieve scale in a measured easy way (at a minimum of 20% YoY Gross Profit growth)

2. Win new clients and effortlessly grow current clients (where no client represents more than 20%GP)

3. Achieve a consistent (minimum) 20% EBITDA over the years of the agency life.

Many agencies may achieve one or two but it's a rare example in our industry who accomplishes this trifecta.

An agency might successfully increase Gross Profit (top-line growth) but at the expense of margin. They might win lots of new clients and fill the pipeline, but have existing clients leave, creating a revolving door. Perhaps they effectively farm existing clients, but in doing so, they grow an existing client to 35%, 45% or more - increasing the risk of their revenue portfolio. Maybe they successfully improve profit margins, but then stall year-on-year top-line growth.

When managing the challenges of growth, time invested in the combination of new business strategies that will deliver winning results is crucial.

Calculating the 'Opportunity Cost' an agency invests to win a client is, of course, not as simple as the hours an agency spends pitching multiplied by the charge-out rate of the team to show the dollar value they would earn if a client paid for that time.

But truly understanding how your agency business invests available time and resources to secure new revenue – and at what cost – is pivotal to achieving growth ambitions.

A straightforward approach to calculate the cost before investing in a pitch is to ask, "If a client paid me for this time how much profitable revenue would I make?". By this view, our respondents' answers showed that in order for them to pay for a year's worth of pitching the average agency had to shave off 17% of all the revenue they won in new business secured via pitching that year. That's higher than the profit margin most agencies make. And the widely accepted notion that an agency doesn't make any money on the 1st year working on new clients' business was confirmed – the average agency reporting no profit margin made in the first 14 months the account is held. What's more, our respondents also confirmed that agency tenures typically last 2-4 years.

The OUCH! Factor™, indeed…

For some, pitching will always be an element of their agency's new business strategy. However, many may benefit from understanding their own OUCH! Factor™, and assessing which revenue-generation strategies will truly transform their growth strategy and enable them to scale.

Photo by Judeus Samson on Unsplash

About New Business Methodology.

Get fit for scale.

NBM Growth Consultancy Services

PITCH LESS, WIN MORE.

Win business without relying on the pitch process. Learn how to be more strategic and focus on pursuing the brands, clients and people you want to work with vs having to grow by where the phone rings.

Grow by Design: 2-day masterclass

PERSONALISED OUCH! FACTOR REPORT.

Your agency's own bespoke OUCH! Factor. This complex formula calculates the revenue required to make your pitching efforts profitable. Realise the 1,000s of hours of unbilled staff time, the impact on morale and reputation based on your win rate, and how much revenue you really must make so the cost of pitching is worthwhile. You'll have the evidence to justify your rationale to say 'no' to pitches you can't win and feel good about it - and the data to know when it is right to pitch. You'll be able to apply the wasted time of losing pitches to proactively prospect for business and transform your growth strategy.

The OUCH! Factor: Bespoke report

WHY ARE YOU REALLY LOSING PITCHES.

The Lost Pitch Audit – A 'close 2nd' again? Solve the mystery and learn what lost clients aren't telling you. Our uniquely skilled interview techniques with all the CMOs that didn't award your agency their business in the last two years expose the hidden reasons why you keep losing pitches.

Lost Pitch Audit: Discovery + report

ACHIEVING A 75% WIN-RATE.

What's an acceptable pitch win-rate? What's the highest you've achieved? Evaluate your growth strategy and pitch process and compare your methods and results to competitors who win 3 out of 4 pitches. Understand what they do differently. Co-create a unique roadmap to navigate the required changes so you consistently beat the odds and decide your own pitch criteria.

New Business Roadmap: 1-day intensive

THINK LIKE YOUR CLIENTS' CEO.

Truly understand the value you bring to your clients and the impact you make - pinpoint the business metrics you move, as seen from the client's C-suite. NBM's Think Like Your Client's CEO masterclass enables agency leaders and their teams to take a bird's eye view of the commonality of business problems and pressures the agency resolves for their clients.

Think Like Your Clients' CEO: 1-day masterclass

GET FIT TO SCALE; GET FIT FOR SALE.

Ensure your growth strategy is underpinned by a rigorous, step-by-step methodology that gives you the best chance to achieve the 20/20/20 rule – 20% YoY Gross Profit growth, as well as 20% EBITDA, without anyone client reaching over 20% of GP.

New Biz Mastery: Bespoke scalable programme

NEW BUSINESS HEALTH CHECK.

Completely review your go-to-market strategy with the NBM Health Check for Agencies. This extensive audit puts your new business skills, strategies and ROI under expert analysis. The result is a comprehensive and deeply insightful report containing specific recommendations and action plans that will help improve your approach, your appeal and your new business success rate. More than an analytical exercise – you'll get a specific Action Plan that will address your weaknesses, build on your strengths and get your agency new business fit for this year and beyond. Gain a unique perspective into what separates the agencies who win consistently from the rest.

NBM Health Check: Audit + action plan report

OUTLAST THE TENURE OF YOUR CMO CLIENTS.

The average agency tenure is 2-4 years - it matches the typical CMO's tenure. Ensure your agency has widespread support across your client's organisation and deep relationships from the C-suite to daily contacts so you aren't swept out by a new CMO looking to make as mark and a fresh start. This NBM workshop co-creates the plan to embed you in your clients' organisations and engineers it into the heart of your agency. The results will be reducing the need to have to pitch to remain an incumbent agency on a client's roster.

Staying Power: ½ day masterclass

About New Business Methodology

Get fit for scale.

NBM is a growth consultancy that helps agencies to master their approach to new business. Using our proven methodology, we show agency businesses how to drive top-line growth and bottom-line margins, **delivering transformational growth.**

Over our 25-year history we have advised thousands of agency CEOs around the world on how to win more business from current and future clients – without relying on pitching. Our holistic, commercial approach to new business enables ambitious agency CEOs to fast track their agency's growth.

Agencies who've mastered new business with NBM:

PAPER MOOSE | NOW. | Hill+Knowlton Strategies | the hallway | ROYALS | BOHEMIA | Genero

What's your OUCH! Factor?

Book your OUCH! Factor™ Q&A with NBM today.

Your agency's opportunity to have a private boardroom viewing of the OUCH! Factor™ survey results, specific to your sector, and Q&A discussion of the potential implications for your agency.

Learn how your agency type and size compares to your peers in a complimentary 45-minute 1:1 session with New Business Methodology Founder, Julia Vargiu.

Understand what the hidden cost of pitching could be to your business and discuss the new business strategies that could unlock your full growth potential.

CONTACT:
jvargiu@newbusiness.com.au quoting: **"OUCH! FACTOR Q&A".**

New Business Methodology

Photo by dan carlson on Unsplash