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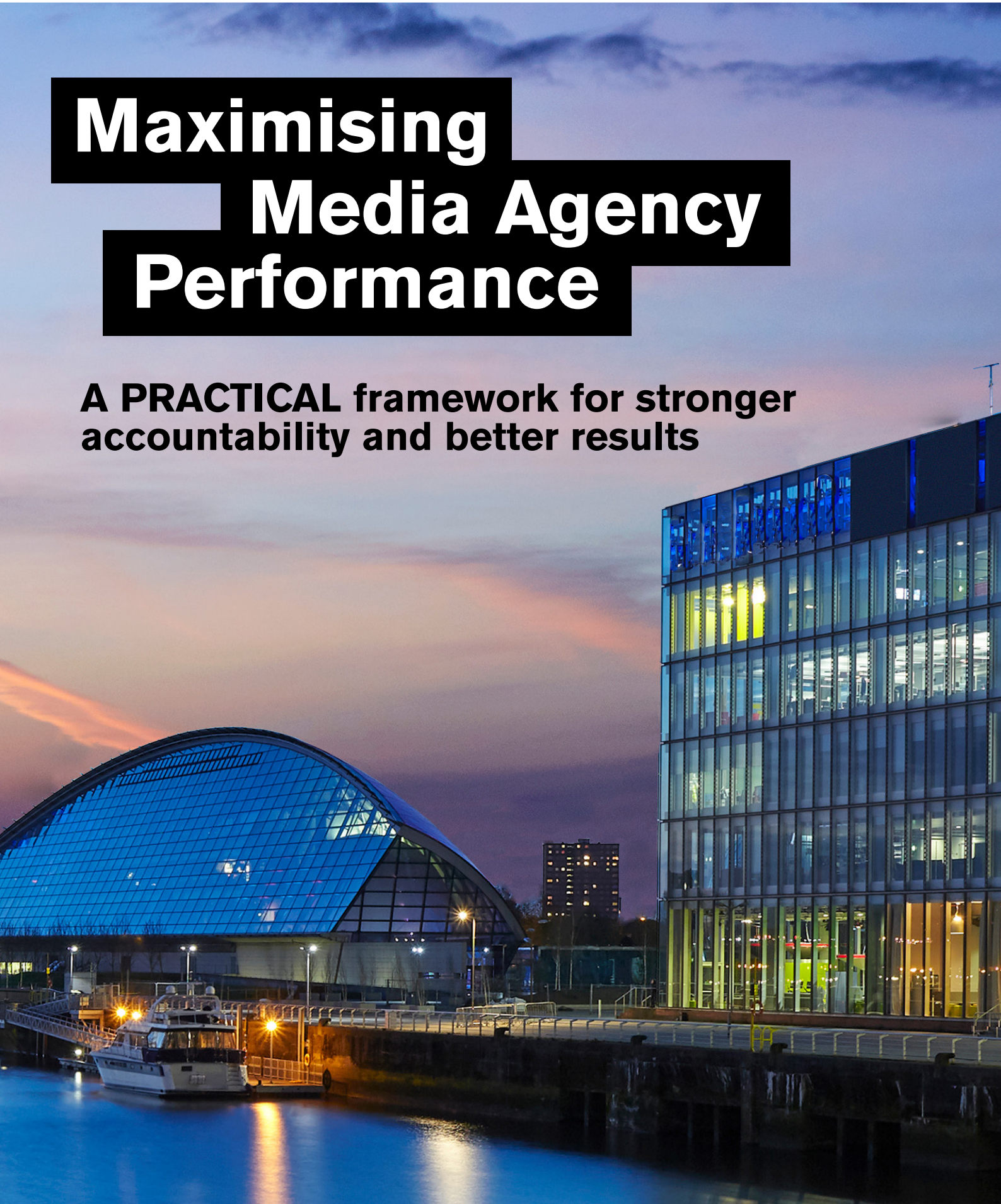
HIGHER MEDIA VALUE

ISBA

Maximising Media Agency Performance

A PRACTICAL framework for stronger accountability and better results



Executive Summary

The relationship between an advertiser and their agency has never been so important as it is now. The media landscape of the mid 2020s is extraordinarily complex, with new channels, new technologies and new approaches emerging at breakneck speed, fragmenting strategies, data and measurement. Meanwhile, advertisers are under increasing pressure to demonstrate that their media investments are delivering value for their businesses. Given that agencies are key players in navigating these new waters, the relationship they have with advertisers deserves renewed attention.

ISBA and ECI Media Management have created this maximising media agency performance framework to give advertisers practical guidance for creating and maintaining effective, positive relationships with their agencies. Drawing on the collective expertise of our teams, as well as research and discussions with ISBA's Media Leaders steering group, it brings together the key disciplines that underpin effective agency management, and explores how they need to evolve to keep up with the industry at large.

One key principle runs throughout: better agency performance and maximised value is not simply a matter of demanding more from the agency. Advertisers have a critical role in creating the conditions for success: clear priorities, good governance, fair incentives, meaningful measurement and mutual accountability.



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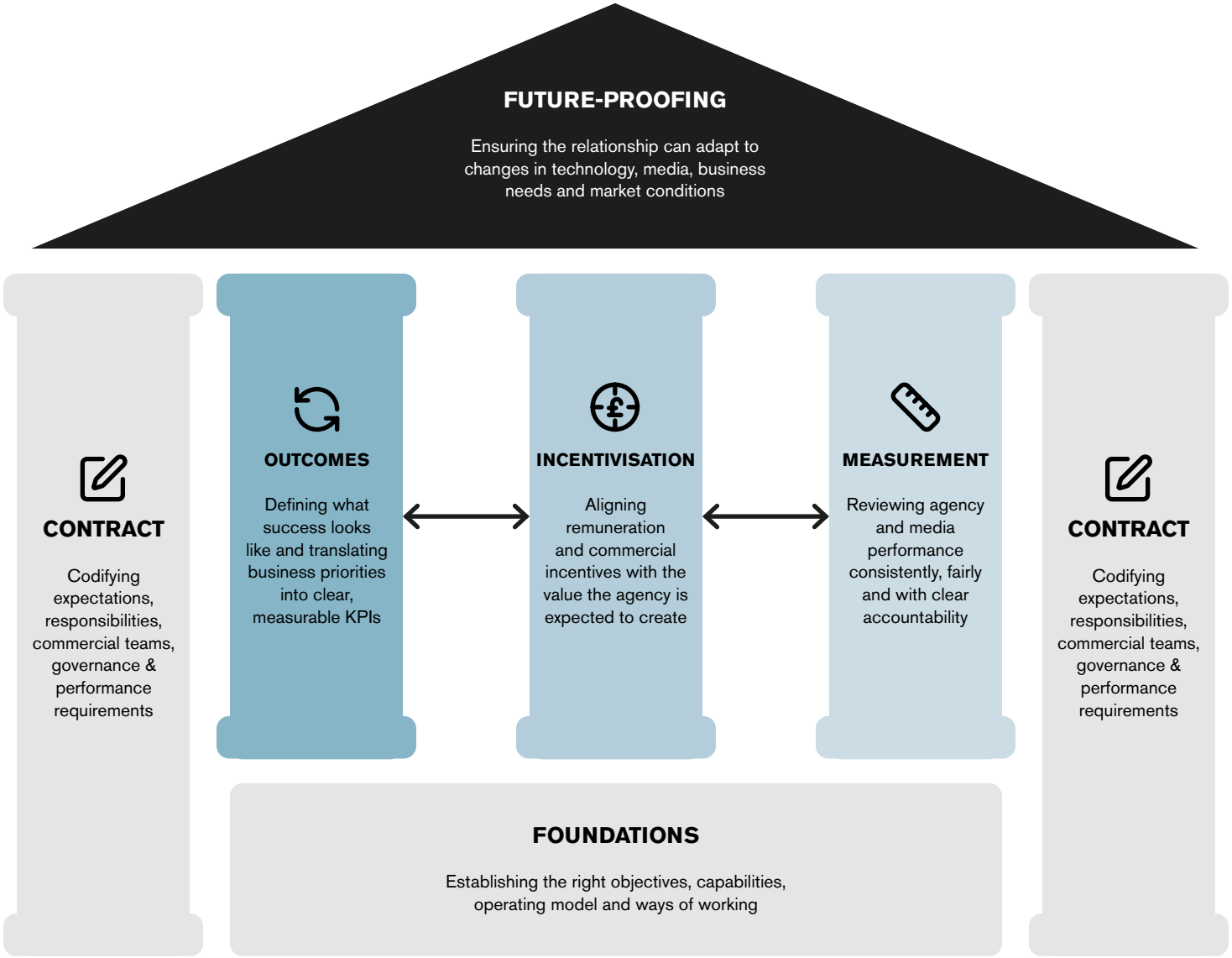
Introduction

Advertisers are working in an increasingly challenging environment, navigating fragmentation, new technologies and trading models, pressure on budgets, changing consumer behaviour and growing expectations around transparency, measurement and accountability.

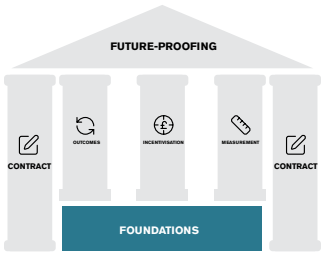
As agency and client relationships continue to evolve, advertisers are increasingly finding it more cost-effective to bring certain capabilities in house, particularly in areas such as biddable media where the scale advantages traditionally offered by large agency groups have diminished. Specialist independent agencies are experiencing a resurgence, adding expertise and flexibility but also increasing the complexity of the operating model. Online media buying is often managed through international hubs, while media strategy may sit closer to local marketing teams or even within the advertiser's own organisation. In parallel, agencies are responding to the agility required by modern, digitally-led marketing by reintegrating creative and media services to deliver more connected solutions. While these shifts create opportunities for greater efficiency, expertise and responsiveness, they also require stronger governance, clearer accountability and more structured oversight to prevent siloes, ensure alignment, and maximise the effectiveness of the overall marketing ecosystem.
Given the complexity of the landscape and the evolving agency model, good agency governance matters more than ever. This isn't about policing agencies or adding layer upon layer of process; when done well, effective accountability creates clarity on both sides, strengthens trust, promotes transparent remuneration, and gives agencies the conditions they need to deliver value for their clients. That requires accountability from the advertiser as well as the agency: clear briefs, timely decisions, access to the right stakeholders and realistic expectations all influence the quality of the relationship and the agency's ability to perform.

This guide provides a practical framework for building, managing and evolving effective media agency relationships. Its architecture reflects the way those relationships work in practice: strong foundations support clear outcomes, effective incentivisation and robust measurement; the contract provides the structure that codifies and governs these elements; and future-proofing ensures the relationship can adapt as business needs and the media landscape change.



The framework is designed to be useful at different stages of the agency relationship lifecycle, whether you are preparing an agency selection process, reviewing an established partnership or looking to strengthen a particular area of the relationship. The underlying principle is simple: getting things right upfront makes good agency management considerably easier. Clear expectations, commercial arrangements that incentivise desired behaviour and robust measurement provide a common basis for both the advertiser and their agency, while regular reviews allow the relationship to evolve as business needs and the media landscape change.

These guidelines have been informed by research with ISBA's Media Leaders steering group, combining a questionnaire with qualitative feedback and wider industry discussion. Their experiences and priorities are reflected throughout the guide, providing a view of both current practice and the challenges advertisers are navigating as their agency relationships evolve.



Foundations:

Stronger accountability and better results

A productive agency relationship starts before an agency is appointed. Going into a pitch process, you and your organisation need to be clear about, and aligned around, what you want from their media investment, how media supports your wider business and marketing objectives, and how you want to work with external partners. These foundations aren't just about identifying the right agency – they're also about making sure you, your team and your organisation are ready to be an effective client.

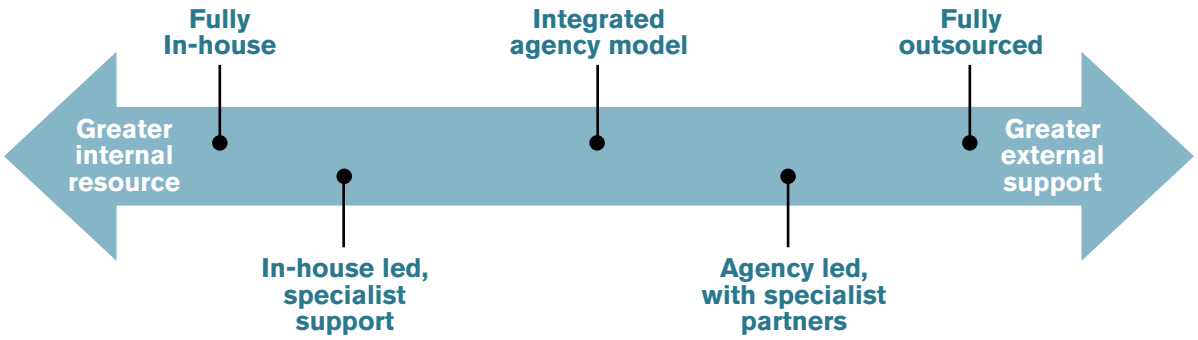
1: Align internally before going to market

Before briefing out a media agency pitch or indeed even creating the brief, it's important you establish an ambition for media that is shared amongst the key stakeholders involved in managing media investment. These stakeholders should include media and marketing teams but also procurement, finance, legal, technology, agency operations and other relevant functions. For international advertisers, it's also wise to align between global, regional and local teams.

The alignment process should establish:

- The role media is expected to play in delivering business and marketing objectives.
- Your organisation's priorities and non-negotiables, including areas such as media value, transparency, risk, innovation, sustainability and the responsible use of data and technology.
- The preferred operating model, including which capabilities will sit in-house and which will be delivered by the lead agency/ies, specialist partners or embedded teams.

Choosing the right agency operating model



Media Leaders survey findings

The Media Leaders survey showed that fully outsourced and hybrid external-internal models are equally popular - this may reflect the reduced trading advantage of scale in auction-based channels such as PPC and social, where buying volume has less influence than it historically did. Only a small proportion of respondents use a fully integrated agency model covering media, creative, PR and other disciplines.

Further integration may nevertheless become more common as personalised digital advertising increases the need for closer coordination between media and creative, including the production of multiple asset variations for a single campaign. Agency groups are responding by bringing their media and creative capabilities closer together.

Split-scope models also remain common, whether between brand and performance, online and offline, or different parts of the organisation. In some cases, there may be opportunities to simplify these structures, improve communication and reduce duplication of fees. None of the leaders interviewed had fully in-housed media, underlining the continued importance of agency scale, specialist expertise and capability.

Popularity ranking	Model
1=	Hybrid: some media bought in-house e.g. social or PPC, the remainder bought by external agency
1=	Media fully out-sourced (all budget invested via external agencies)
3	Media split scope: different agencies for brand and performance
4	Media split scope: different agencies for different parts of the organisation
5	Fully integrated agency model: Creative, Media, PR etc all provided by one agency group
6	Media split scope: different agencies for online and offline
7	Hybrid – Media is planned in-house and bought externally
8	In-house: all media functions carried out within your organisation

- Clear roles, responsibilities and decision-making processes for internal and external teams.
- The principles and behaviours that will define the relationship between the advertiser and the agency or agencies.
- The level of support needed to run the pitch effectively: assess whether there is sufficient internal time, resource and expertise, and whether independent specialist support may be valuable in areas such as commercial evaluation, media pricing and contract development.

Internal alignment matters because agencies can only operate efficiently when they receive clear and consistent direction – conflicting priorities, unclear ownership or differing expectations between functions can undermine both agency performance and the relationship.

Make sure you allow sufficient time for the process as a thorough pitch, commercial negotiation and contract development can take considerably longer than expected. Focus on ensuring that internal ownership remains clear throughout, with all stakeholders kept involved and informed as needed. Timing is particularly important as the agency needs to be appointed at least two months to media going live, because of longer booking lead times in channels such as TV and OOH. Depending on the complexity of your brief, its scope and the level of governance, we would recommend starting the pitch process six to 12 months before media going live. Legal, procurement and other relevant stakeholders should be involved early on, rather than being brought in once an agency has been selected.

2: Assess internal capabilities and structures

Before going to pitch, assess whether you have the internal capabilities and structures needed to manage the agency relationship effectively – this could include understanding the skills already available within the organisation, identifying any gaps in areas such as media management, contract governance, performance evaluation and the ability to translate research and measurement findings into media decisions. Where there are gaps, you can then consider how they can be best addressed, whether that's through training and development, recruitment, additional internal resource or support from an external media consultancy.

The period leading up to a pitch is also a good time to ensure that your internal structures are fit for purpose – for example, are your brand and performance teams siloed or are they managed together, in an integrated way? How are budgets allocated by market, product and brand? Is the finance department on board with the effectiveness of media investment and your chosen method of incentive payment? For international contracts, it's important to establish the reporting structure and whether it will be by region or by market. Decisions such as whether media buying, particularly online, will be consolidated into regional or global hubs should take into account potential efficiencies but also governance, accountability, local market expertise and access to quality inventory.

Internal structures audit checklist:

- ✓ Capabilities: What skills do we need to manage and challenge the agency effectively?
- ✓ Structure: Are our teams, responsibilities and budget ownership organised in a way that supports joined-up media decision-making?
- ✓ Governance: Who owns decisions and accountability across functions, markets and regions?
- ✓ Resourcing: What gaps should be addressed through training, recruitment or external expertise?
- ✓ Centralisation: Where can regional or global hubs create efficiencies without compromising local knowledge, quality or control?

3: Build a brief that reflects your needs

A strong pitch brief should give participating agencies a clear picture of both your business and the relationship you envisage (which the agency is being asked to build). It should find the balance between providing enough information to allow agencies to make meaningful recommendations, while ensuring that their capabilities are meaningfully tested. Your internal gap analysis should also inform the brief, helping you to identify the skills and competencies that you need your agency to provide.

Below is a list of what briefing materials should ideally contain:

Business and marketing context: The advertiser's strategy, priorities, audiences, markets and the role of media within the wider marketing approach.

The purpose of the pitch: Why is the review taking place? What does the advertiser want to change or improve? And what should a successful agency relationship ultimately deliver?

A clear scope of work: The services, markets, channels, deliverables and responsibilities expected of the agency, alongside clarity on what remains in-house or with other partners. For multinational advertisers, clarify which services and media investment sit within global, regional and local agreements, and where responsibility for administration and governance sits. Whichever operating model is selected, it should preserve access to strong local expertise, suppliers and media owners. While scale and automation can create efficiencies, local market knowledge, context and quality inventory are important sources of value.

Current opportunities and challenges: Areas where the existing model is not working effectively, as well as opportunities the agency can help exploit and deliver.

Team and operating model expectations: How you expect your account to be staffed and managed, including access to senior and expert talent; the role of local, offshore or embedded teams; how location affects cost, access to talent, service levels and accountability; and how AI, automation and other technology will affect resourcing and workflows, as well as the level of human oversight required for these tools. UK advertisers should also understand how their business will compete for talent within the agency, particularly where senior or specialist UK-based resource is concentrated on larger global accounts.

Commercial and transparency requirements: Your expectations around remuneration, trading models, proprietary products, technology charges, data arrangements, including the disclosure of any relevant commercial relationships and incentives.

Cultural expectations and ways of working: How decisions are made, the level of collaboration and challenge expected, and the behaviours you value in your agency partners.

Evaluation criteria and process: How agencies will be assessed, how different criteria will be weighted, and how decisions will be made.

Data, technology and access: The data, platforms and capabilities you already have access to, what the agency will be expected to provide and the principles governing access, ownership and use.

What should a media agency pitch brief include?

The business challenge		
Business and marketing context	The purpose of the pitch	Current opportunities and challenges
Does the brief clearly explain the business, marketing priorities, audiences, markets and role of media?	Is it clear why the review is taking place and what needs to change or improve?	Does the brief identify where the current model is falling short and where the legacy can add value?

The agency and operating model		
Scope of work	Team and operating model	Data, technology and access
Does the brief clearly define the services, markets, channels, deliverables and responsibilities in scope?	Does the brief set out how the account should be staffed, structured and supported?	Is it clear what is available, what the agency must provide, and how access and ownership will work?

The commercial and relationship framework		
Commercial and transparency requirements	Culture and ways of working	Evaluation criteria and process
Does the brief set clear expectations around remuneration, trading models, technology costs and disclosure?	Does the brief explain how decisions will be made and how both sides are expected to work together?	Is it clear how agencies will be assessed, weighted and selected?

In the pitch brief, you should ideally challenge agencies on the areas that actually matter to you and your business, rather than allowing for, or even encouraging, a generic pitch response. You should also give agencies enough visibility of your operating environment to propose a realistic team, scope and commercial model. Ensure that the responses can be easily compared and that there is no ambiguity. For example, if you are asking for day rates, clearly state how many hours are in a working day. Ask for full transparency in fees so that there are no hidden costs in areas such as tech and research. Finally, ensure that all tools, tech and people outlined in the pitch response are included in the base fee – if they aren't, they should be clearly defined as an additional cost.

Closing a pitch well

Provide timely, constructive feedback to all participating agencies, including the successful agency. Feedback should come from the relevant decision-makers and explain both what worked well and where there were gaps. This helps maintain strong industry relationships, gives agencies useful learning, and helps ensure the winning agency starts the relationship with a clear understanding of your expectations.

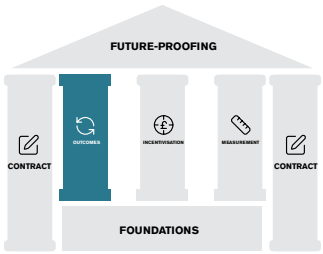


3: Make the contract the single source of truth

The foundations established before and during the pitch need to be carried through into the contract. The contract shouldn't just document legal and commercial terms, but translate the agreed relationship into clear expectations that can be managed and measured over the course of the relationship, see contract section for more detail.

Foundations: best practice checklist

- ☐ A clear ambition for media and its role in wider business and marketing objectives.
- ☐ Internal stakeholders aligned on priorities, roles and ways of working.
- ☐ A clear brief that reflects your actual needs.
- ☐ A realistic process with enough time for evaluation, due diligence and preparing the contracts.
- ☐ An understanding of any adjustments that need to be made internally to get the best out of the new relationship.
- ☐ Agreement on any independent specialist support needed.
- ☐ A contract that captures agreed expectations and provides a clear basis for the ongoing relationship and performance management.



Outcomes:

Building an effective KPI framework for media performance

Media Leaders survey findings

Procurement (80%) and Finance (65%) are the most involved stakeholders in setting KPI Frameworks

Our survey showed that whilst media performance, service delivery and business outcomes remain the most commonly measured areas, relatively few organisations currently include sustainability, transparency and other values-based metrics, despite their growing strategic importance.

We also found that KPI setting is typically a cross-functional responsibility. While 80% of respondents identified Procurement as the primary driver of target-setting, significant involvement was also reported from marketing, legal, analytics, and executive leadership teams. KPI development should therefore be viewed as a collaborative business initiative rather than a procurement-led exercise. Engaging stakeholders across the organisation increases understanding, accountability, and ownership, helping to create measures that genuinely drive performance rather than simply fulfil compliance requirements.

Most advertisers surveyed also incorporate Performance-Related Incentive Payments (PRIPs) into agency remuneration. This reflects the growing recognition that agencies are more likely to prioritise a client's business when they are rewarded for doing so. Well-designed incentive structures can help secure stronger media value, access to the most experienced talent, and the best technology, tools, and research available to support planning and execution.

Effective KPI-setting is not simply about defining targets. It is about creating the organisational framework that enables the custodians of what is often one of your largest marketing investments to deliver the best possible outcomes for your business.

A well-constructed KPI framework helps maintain the momentum achieved during the pitch process, supports transparent and productive agency relationships, and reduces the likelihood of needing a costly and disruptive agency review or re-pitch. KPIs should be easy to measure, consistent to apply, and fair to all parties. They shouldn't place an unnecessary burden on internal teams or require excessive consultancy support to administer. KPI frameworks should also remain flexible enough to evolve alongside changing market conditions and business priorities.

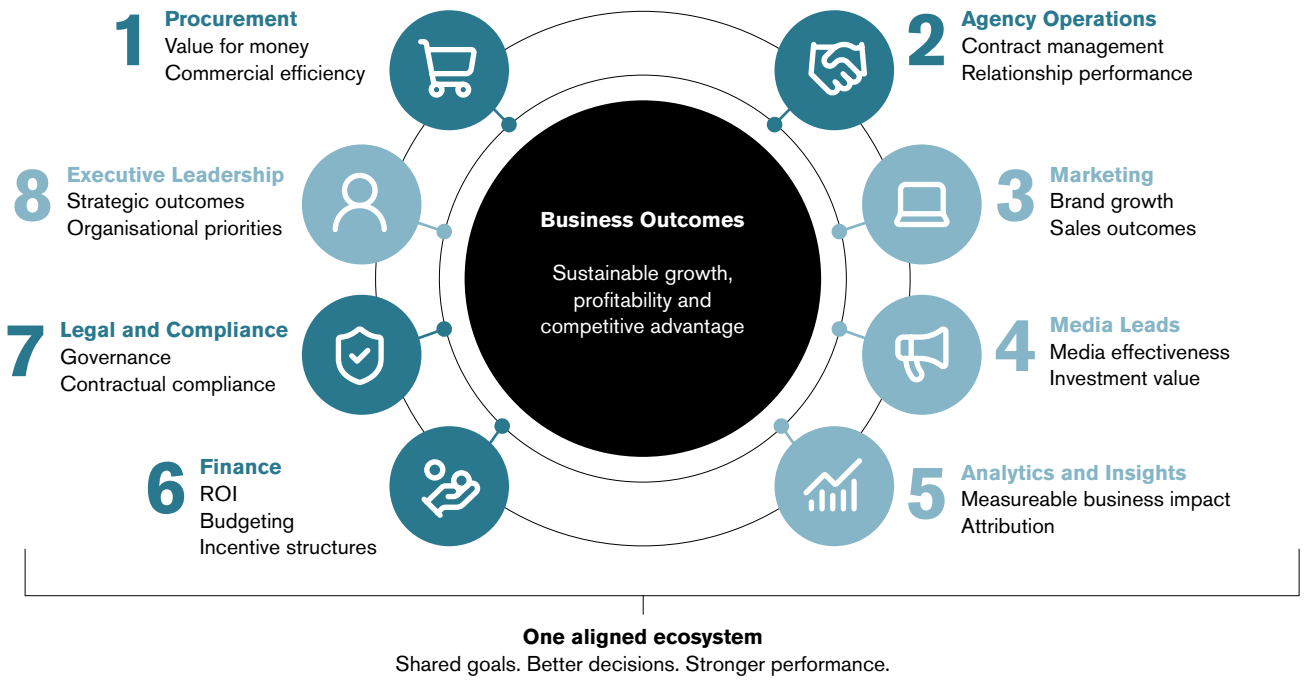
The following step-by-step guide outlines best practice for developing an effective KPI framework.

Step 1:
Identify the right stakeholders

Before discussing metrics, ensure the right people are involved in the process. Early stakeholder engagement reduces conflicting priorities, improves alignment, and creates ownership of the final KPI framework.

Typical stakeholders and their key perspectives include procurement, agency operations, marketing, media leads, analytics and insights, finance, legal and compliance and executive leadership.

Stakeholder Ecosystem



While this may appear to be a large stakeholder group, involvement does not necessarily mean direct ownership. As long as stakeholders are appropriately consulted and informed through a structured process, agreement on KPI priorities becomes significantly easier. Each stakeholder brings a unique perspective, set of data sources, and understanding of what success looks like. Incorporating these viewpoints creates a more robust and credible measurement framework that is supported across the wider business.

Importantly, agencies should also be involved in the development process. They are ultimately responsible for delivering against the KPIs and can provide valuable input on what is realistic, measurable, and achievable.

Step 2:
Align on the definition of success

Many KPI frameworks fail because organisations move too quickly to measurement without first establishing a shared understanding of what success looks like. Effective KPI development begins with aligning stakeholders around the organisation's strategic business priorities and agreeing on the behaviours that should be encouraged and rewarded, as well as those that should be discouraged. It is equally important to consider which outcomes should not be pursued if doing so risks undermining long-term value creation. By creating a clear consensus on these principles and striking the right balance between short-term performance targets and longer-term strategic objectives, organisations can develop KPI frameworks that drive meaningful behaviours and support sustainable business success.

Step 3:
Define governance through a Stewardship RACI

Clear ownership and accountability are essential for effective KPI-setting and management. The most successful organisations document responsibilities clearly and avoid making unnecessary governance changes once roles have been agreed. A Stewardship RACI (Responsible, Accountable, Consulted, Informed) should define ownership across the full KPI lifecycle, including:

- KPI development
- KPI approval
- Performance measurement
- Incentive decisions
- Bonus calculations
- Business outcomes reporting

Step 4:
Start with business values

Business objectives should be established before KPI measures are selected. When KPIs are aligned to organisational values and strategic priorities, performance measurement becomes a business improvement tool rather than a reporting exercise. Avoid selecting too many objectives: simplicity is crucial, and every KPI must be measurable. We recommend a maximum of five.

Examples of business objectives include:

Commercial performance	Revenue growth; Sales performance; Customer acquisition; Profitability
Brand and customer	Brand growth; Customer trust
Long-term organisational value	Sustainability; DEI; Innovation; Operational efficiency

Step 5:

Translate business objectives into media outcomes

Once you have established your business priorities, they should be translated into measurable media outcomes - working with your agency and media consultancy is valuable at this stage.

Examples include:

Business objective	Media KPI example	Measurement method
Revenue growth	Cost per acquisition, incremental sales	Digital reporting, sales data, MMM
Brand growth	Reach, awareness, consideration	Brand tracking, media quality metrics, market data
Sustainability	Campaign carbon footprint	Scope3 or agency sustainability measurement platforms
Efficiency	Media cost savings, ROI	Media audit, MMM
DEI	Diverse media investment targets	Agency staffing data, diversity reporting, gender pay gap
Servicing excellence	Strategic contribution, business understanding, operational delivery, talent and capability	360° agency performance assessment
Transparency	Contract compliance and financial transparency	Independent contract compliance audit

Step 6:

Ensure KPIs are realistic, measurable and fair

Effective KPIs should stretch agency performance while remaining achievable and realistic. There is increasing discussion around payment-by-results models and rewarding agencies solely based on business performance. However, many factors affecting business results remain outside an agency's control. Product quality, pricing strategy, competitive activity, economic conditions, consumer demand and market dynamics can all significantly influence performance.

While agencies should contribute to business outcomes and may be rewarded for supporting them, the primary focus should remain on areas they can directly influence. Measurability is equally important. Avoid creating overly complex KPI frameworks, particularly for smaller advertisers. Consider whether the necessary data is available, whether the budget exists to measure performance accurately, and whether individual KPI outcomes can be fairly isolated and assessed.

Fairness should remain a guiding principle throughout the process - agencies and internal teams should only be held accountable for factors they can reasonably influence. Poorly designed KPIs often create unintended consequences; for example, excessive focus on media pricing can drive lower-quality placements, while rigid channel-specific targets may encourage planners to prioritise investment into those channels that have easier-to-achieve metrics.

Involving the agency throughout the KPI-setting process is paramount for success as ultimately they must deliver the outcomes.



Step 7:
Build flexibility into the framework

Business priorities evolve and media ecosystems change. A KPI framework should therefore be:

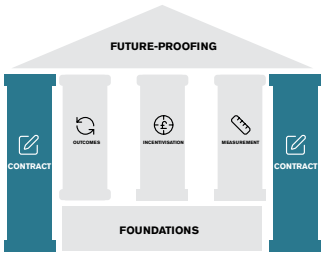
- ✓ Reviewed regularly
- ✓ Adaptable to changing business needs
- ✓ Suitable for emerging channels and technologies
- ✓ Flexible enough to incorporate new measurement capabilities

Avoid creating a framework that requires a complete redesign every year. Instead, establish a core set of KPIs that remain consistent over time, supported by supplementary measures that can evolve as business priorities change and new media opportunities emerge.

KPI framework: best practice checklist

Before finalising your KPI framework, confirm that:

- ☐ Key stakeholders have been identified and engaged
- ☐ Success has been clearly defined and agreed internally
- ☐ Governance responsibilities have been documented through a RACI framework
- ☐ A clear measurement and review timeline has been established
- ☐ KPIs are directly linked to business objectives and organisational values
- ☐ Media performance measures support desired business outcomes
- ☐ KPIs are realistic, measurable, and fair
- ☐ Incentive structures are aligned to controllable outcomes
- ☐ The framework can adapt to future business and market changes
- ☐ Agencies have been involved in the KPI development process



The Contract:

Securing an effective media agency contract

Media Leaders survey findings

Contract audits are conducted annually by 78% of respondents.

The survey results suggest that media leaders are generally confident that their agency contracts provide strong protection and governance, particularly around rebates and incentives, unbilled media, data ownership, contract reviews, and access to buying and invoice data. However, confidence is noticeably lower regarding visibility of agency overheads and margins, indicating that commercial transparency remains a challenge. Similarly, provisions governing the use of AI in media planning and buying are less mature, with many respondents either neutral or unconvinced that robust guidance is in place.

The agency contract should be developed as a core part of the agency selection process, not as an administrative exercise to be completed once an agency has been appointed, we recommend the following approach

1. Start contract development before the pitch begins

Engage procurement, legal, and key business stakeholders at the outset to identify critical requirements, commercial objectives, and potential risks. Early alignment helps avoid delays and ensures the contract supports the organisation's broader objectives.

2. Assess existing agreements before renewal

For contract renewals, or if you already have a comprehensive media contract, undertake a contract compliance audit to identify risks, gaps, and improvement opportunities before renegotiation begins.

3. Issue the contract alongside the pitch brief

Provide the proposed contract as part of the RFP documentation, when advertisers have the greatest negotiating leverage. Agencies should be required to confirm acceptance of the terms within their proposal, with only a limited number of clauses open for discussion.

4. Agree contractual terms during the selection process

Resolve the majority of legal and commercial terms before appointing a preferred agency. This reduces the risk of protracted negotiations, unexpected disputes, and delays once a selection decision has been made.

5. Ensure the contract reflects the agreed relationship model

The contract should clearly define responsibilities, governance, and ways of working, creating a framework for managing the relationship throughout the term of the agreement.

6. Align the scope of work (SOW) and remuneration model

Develop the SOW alongside the contract and ensure it is directly linked to agency remuneration. This creates clarity on deliverables, expectations, and how the agency will be compensated.

7. Capture agency commitments within the agreement

Any commitments made during the pitch process, including resource levels, senior leadership involvement, reporting standards, technology solutions, commercial terms, and performance guarantees, should be documented within the final contract so they remain enforceable.

8. Use an established industry framework where possible

Leverage recognised frameworks, such as the ISBA Media Services Framework, as a starting point for negotiations. Any deviations should be carefully assessed to ensure transparency, accountability, and commercial protections are not weakened.

9. Define performance measurement from the outset

Establish clear KPIs and governance processes within the contract, including how performance will be measured, reported, reviewed, and linked to any incentives or remediation plans.

10. Create a single source of truth

Maintain supporting documentation that records agreed KPIs, performance guarantees, data requirements, measurement methodologies, reporting standards, and bonus calculations. This reduces ambiguity and provides a consistent basis for evaluating performance throughout the relationship.

11. Review additional contractual considerations

Alongside the core contract and SOW, consider further areas of governance, transparency, operational processes, data management, compliance requirements, and commercial protections, as outlined in the table below.

12. Ensure flexibility

So that the contract can be adjusted to cover emerging media platforms and evolution in trading practices, isolating some specific areas to the SOW or an addendum that can be updated annually without a full contract renegotiation is effective



Legal				
Scope of work	Confidentiality & data protection	Fees, expenses and invoicing	Brand safety and content	IP & data ownership
Is the agency provided with a clear and serviceable SOW covering key areas such as deliverables, expectations, goals and deadlines? Are SOW terms reviewed and renewed annually?	Does the agency agree to responsible management of the client's confidential information and data?	Do clear terms exist regarding payment of agency fees, commission (if applicable), third-party costs and expenses?	Does the contract clearly stipulate conditions on brand safety and content verification?	Does the agency provide robust terms on intellectual property rights and clearly state who has ownership over different data. Are there separate terms with regards to data ownership in relation to non-disclosed inventory media?

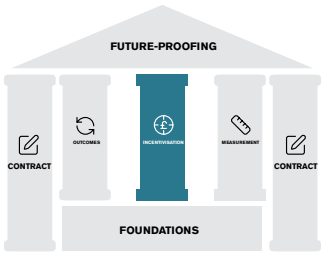
Commercial				
Rebates & incentives and unbilled media	Non - disclosed inventory	Audit rights	Remuneration model	Performance measurement
Is the agency required to report any rebates received as a result of spending with certain media vendors? Is the agency required to report and reimburse the client for any unbilled media?	Does the contract contain any clauses that allow the agency to sell any non-disclosed inventory without any associated audit rights? Are there sufficient guardrails in place covering disclosure, approval, reporting and remedial actions?	Does the advertiser have access to relevant agency platforms, data and records to conduct different types of audits? Is client approval required for utilisation of intermediaries and subcontractors (agency-owned and independent) and what is the impact on audit rights?	Is there a well-defined payment model that explains how the agency will be compensated for their work? Are there any contractual mechanisms to govern fees / commissions invoiced outside of MSA terms?	Are there clear KPIs that outline to the agency how their ongoing performance will be tracked and measured? Does contractual compliance contribute to performance measures?

Operational				
Access	Reporting	Guardrails / approvals	Management	Compliance
Do all relevant client and agency staff have access to, and fully understand their obligations under the MSA?	Are their reporting requirements and timeframes built into the MSA covering key financial and peformance terms (e.g. inventory media usage vs caps, time utilisation, media spend)?	Are there guardrails and client approvals in place governing key terms, such as non-disclosed inventory media?	Is there a control process in place to ensure agency are implementing all reporting, disclosure and approvals processes and issuing financial returns as required by MSA?	Is there a compliance audit programme in place to ensure agency are complying with the agreed terms, including transparency, billing, rebates and client approvals?



Contract: best practice checklist

- [ ] The scope of work is fully defined and aligned to business requirements.
- [ ] Agency roles, responsibilities and staffing commitments are documented.
- [ ] Remuneration, fee structures and payment terms are agreed.
- [ ] Transparency obligations and audit rights are clearly stated.
- [ ] Data ownership, technology arrangements and access rights are defined.
- [ ] Performance measures and review processes are established.
- [ ] Governance and escalation procedures are documented.
- [ ] Approval requirements for media planning and buying decisions are clear.
- [ ] Pitch commitments have been incorporated into the contract.
- [ ] Legal and procurement teams have reviewed and approved the agreement.
- [ ] Any deviations from industry framework agreements have been assessed for risk and transparency implications.
- [ ] Agency responsibility for brand safety and GDPR are clearly defined.



Incentivisation:

Aligning commercial models with value creation

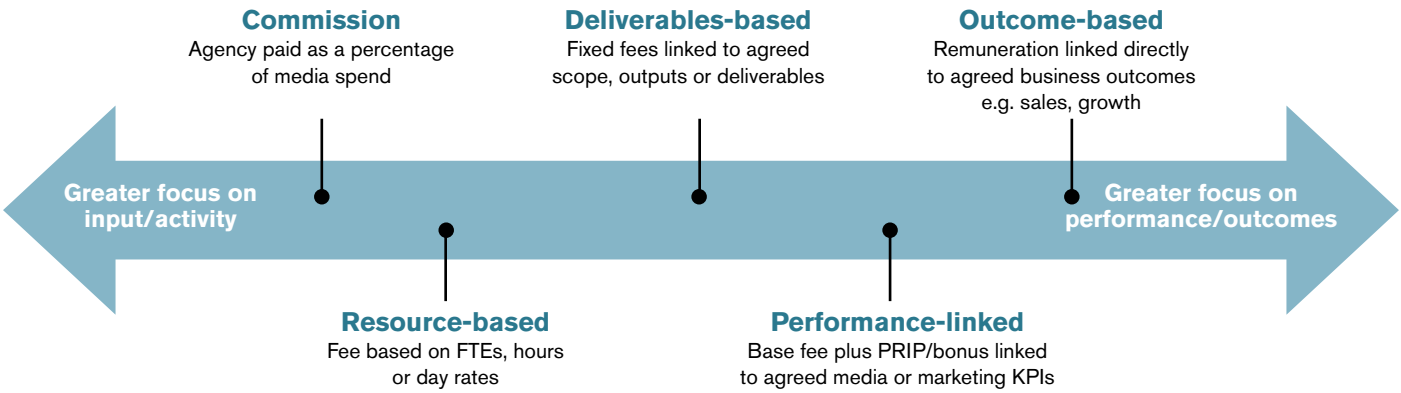
Media Leaders survey findings

67% of those organisations surveyed use hybrid remuneration models and 83% use PRIPs.

When they were surveyed in 2022, a quarter of media leaders stated that they used a hybrid of labour- and commission-based payment models. This had risen to 67% in our most recent survey, indicating that sharing the risk of fluctuating budgets and complicated multi-faceted strategy is an ongoing trend. The use of performance-related incentive programmes has increased from 70% to 83% as clients compete internally for agency value and quality servicing. Payment for outcomes remains much-discussed, but none of the respondents currently use a purely outcome-based model, reflecting the difficulty of measuring agency performance fairly and accurately.

The way agencies are incentivised should support the value that advertisers want them to create, rather than simply rewarding greater levels of activity or media investment, or savings. As agency services evolve, particularly with the increased use of AI and automation, traditional models based heavily on people, hours and spend are becoming less effective as proxies for value. While this doesn't mean that labour-based remuneration will disappear – advertisers still need visibility of the people supporting their business – commercial models will increasingly need to recognise what the agency delivers and the resources used to deliver it.

From inputs to outcomes: agency remuneration models



1: Shift the focus from input to value

Historically, agency remuneration has usually been based on FTEs, hours worked or a percentage of media spend. These approaches are generally quite straightforward to remunerate against, provide predictability and can offer transparency into agency resources. However, they can also create incentives that are not aligned with the advertiser's desired outcomes.

Artificial intelligence is accelerating the need to reconsider this approach to remuneration – tasks that previously required significant manual resource are now completed much more quickly, and technology can increase the scale and sophistication of analysis available to agency teams and their clients. A reduction in hours doesn't therefore necessarily represent a reduction in value, and it's therefore wise to avoid remuneration structures that are entirely or largely FTE-focused. A more effective alternative might place greater emphasis on agreed deliverables, performance and outcomes, while retaining appropriate visibility over the people, skills and technology supporting the advertiser's business. A hybrid model may provide the right balance: a predictable base fee, perhaps based on an agreed scope and level of resource, and a performance-related fee linked to specific media, marketing or business outcomes that the agency can meaningfully influence.

2: Share the benefits of AI-powered efficiencies

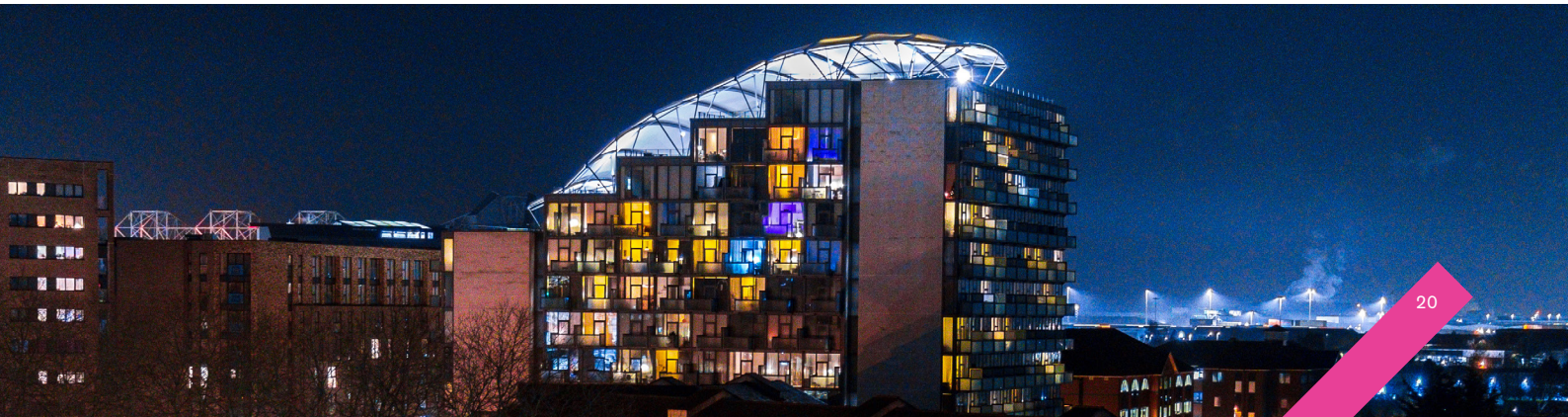
The introduction of AI and automation creates an important question for both advertisers and agencies – who benefits from the resulting productivity gains? There's no single right answer – efficiencies might be used to reduce the overall cost of delivery, reinvested into higher-value strategic or specialist support, used to expand the scope of work, or shared between the advertiser and agency. What matters is that both parties agree on the principle upfront, before any efficiencies actually occur. If you reduce fees whenever technology makes a task faster and more efficient, it could discourage agencies from investing in such capabilities; equally, you shouldn't have to pay for resource assumptions that no longer reflect how the work on your account is being delivered. A regular review will help ensure that staffing, fees and technology costs continue to reflect the service provided.

3: Maintain transparency into people and technology

As the balance between human and technology-enabled delivery changes, you need a clear understanding of how your business is handled by the agency team – agencies should be transparent about how AI is used, what human oversight remains and how technology has affected staffing and workflows. Ensure you understand and separate charges associated with agency technology, SaaS products, licences or subscriptions – and whether these create a dependency that could make moving on in the future more difficult. The objective here isn't to prescribe how every task is completed, but to maintain enough transparency to understand what you are paying for and whether the combination of people and technology is delivering the right levels of quality and value.

4: Consider the agency's total commercial incentives

The headline fee that you pay the agency is just one part of the commercial relationship between the two parties. Agencies can and do generate income through other avenues such as proprietary media, rebates, technology products, SaaS subscriptions, data services and other commercial arrangements. It's really important that you have a thorough understanding of these wider sources of income and consider whether they might create incentives that influence which solutions the agency recommends for your business. Agency-owned products shouldn't be discredited just because they generate revenue for the agency; they can deliver real benefits. However, the value they deliver to your business should be clear, with appropriate disclosure, benchmarking and audit rights.



5: Reward performance fairly

Performance-related remuneration, whereby a proportion of the fee can be set aside as a bonus payment, can help tether the agency more closely to the outcomes that matter to your business as well as ensuring that your brand is treated as a priority within the business (note that these outcomes should be clear in the contract). With that in mind, choosing the right metrics is crucial. Incentives could be linked to media performance, marketing outcomes or – where appropriate – wider business measures such as sales. That said, it's important to remember that business performance is affected by a wide range of factors beyond media, and the agency should only be held accountable for outcomes it can reasonably influence. You should agree on clear measures, baselines and methodologies in advance with your agency, using a balanced set of indicators rather than relying on a headline metric. The goal should be to reward contribution to value creation without transferring unreasonable levels of business risk to the agency.

Below is an example of a PRIP structure. Note that the largest proportion of the bonus is awarded to agency service and strategic contribution, helping to ensure that pricing does not disproportionately influence decision-making. Business metrics such as sales or brand awareness can be included, but should typically account for a smaller proportion of the bonus, as these outcomes are influenced by factors beyond the agency's control

KPI	Target	Measured by	% of bonus
Media pricing/ quality of placement	Hit or reduce unit cost targets	Media audit/ agency tracking	50%
Servicing (including strategy/ thought leadership)	Hit an agreed score in a 360 survey	Consultant or internally-led survey	20%
On-line performance metrics	Hit or improve cost per acquisition/ % fraud reduction, % viewability	In-house reporting or media audit	20%
Sales improvement/ brand awareness	Hit sales targets or increase prompted awareness by X%	Internal sales figures/ brand tracking	10%

6: Keep the model under review

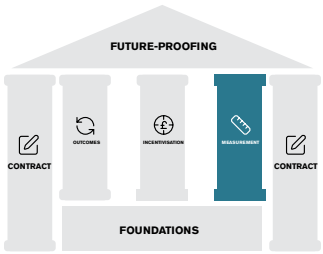
With agency scopes, technology, staffing structures and market conditions continually evolving, remuneration models will need to change too, to keep pace and accurately reflect the realities of servicing your business. Review remuneration and incentive structures on a regular basis with your agency to ensure that assumptions around resources are accurate, technology costs are justified and performance measures continue to reflect your business priorities.

Whatever the model looks like and what it contains, the true measure of its effectiveness will always depend on whether the outcomes it rewards can be measured credibly and consistently. Establishing appropriate baselines, methodologies and independent verification is of crucial importance, helping to avoid disagreements and providing a link between incentivisation and the measurement framework discussed in the next section.



Incentivisation: best practice checklist

- ☐ A remuneration structure based on value and outcomes, not just activity, time spent or levels.
- ☐ A balanced approach combining based remuneration with performance incentives.
- ☐ Clear agreement on how efficiencies driven by AI and technology costs are treated.
- ☐ Transparency into the number of FTEs on the account, the technology they are supported by and wider sources of agency income.
- ☐ Performance measures that are fair, measurable and within the agency's influence.
- ☐ Regular reviews to ensure the model always reflects the scope and broader environment.



Measurement:

Creating a robust agency performance review process

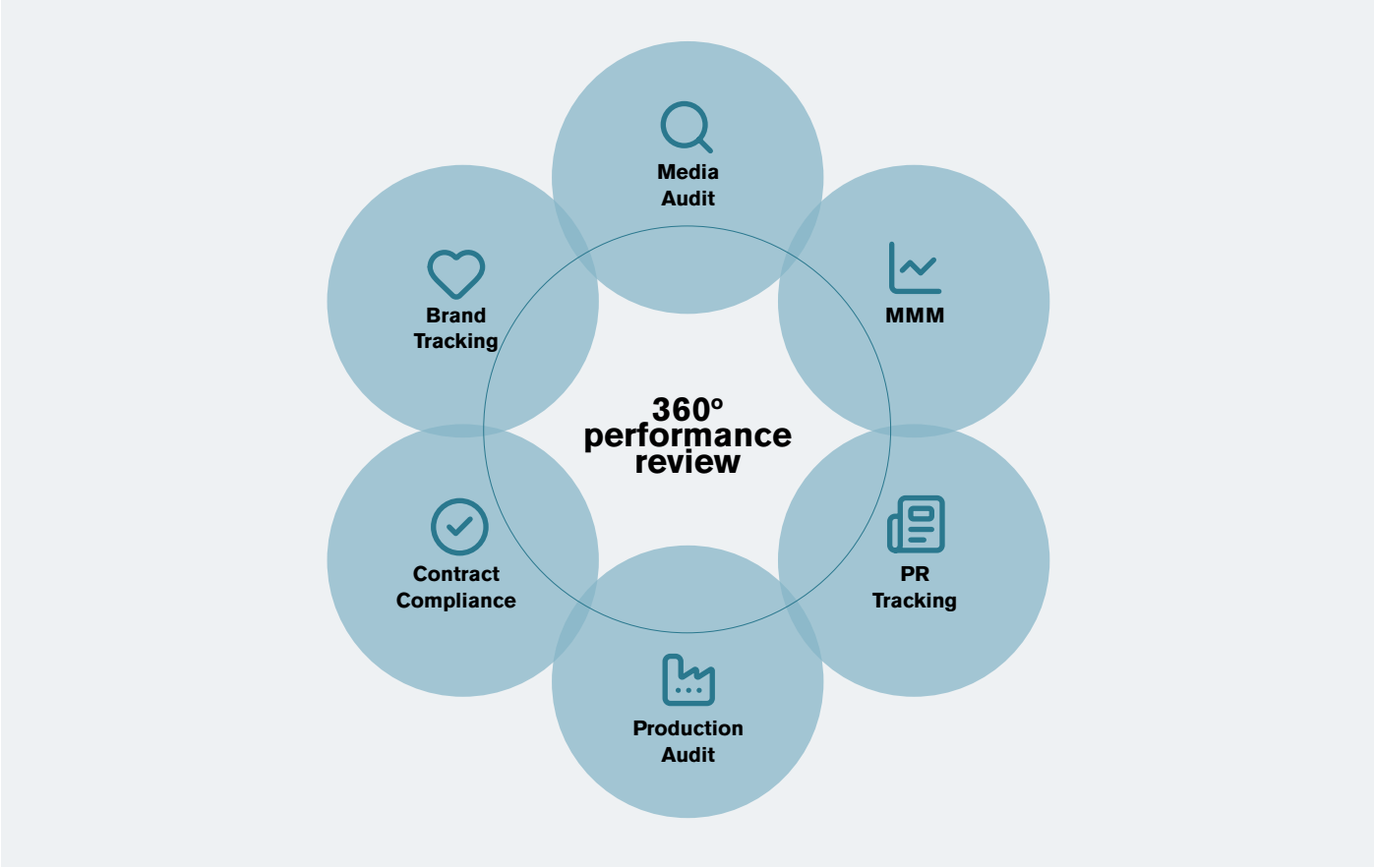
Media Leaders survey findings

100% of respondents conduct media audits, and 60% carry out contract compliance reviews

Once you have designed an effective KPI framework, agreed the remuneration model and captured everything in your contract, you're have the foundations for measuring agency performance once activity is underway. The real value then comes from establishing a structured and consistent approach to measuring performance, reviewing results and driving continuous improvement.

Without clear governance and regular evaluation, even the most carefully designed KPIs become a reporting exercise rather than a performance management tool. The objective of the measurement framework should be to provide a balanced view of agency performance, combining commercial outcomes, media effectiveness, compliance, servicing quality and strategic contribution. It should clearly define who is responsible for gathering information, who owns decision-making and how findings are translated into actions.

Media performance has become cross-functional as platforms and emerging media channels become more complicated. TV, for example, now encompasses a wide range of delivery formats, meaning it can fall under linear TV, CTV, online, partnership and sponsorship audits. Whilst the success of influencers and experiential marketing cannot be looked at from a pure media audit perspective, production audits, PR-tracking and MMM all need to play a role in establishing the success of activity and supporting the decision-making process for future campaigns.



The Stewardship RACI established during KPI development should remain the foundation of the measurement process. Ensure each performance area has a designated owner responsible for collecting, validating and presenting results, so that there is consistency and transparency across all reviews.

The following steps outline how to create an effective agency performance measurement process.

Step 1:
Establish a regular performance review cycle

Performance management should be treated as an ongoing business discipline rather than an annual exercise. Most successful organisations conduct either quarterly or half-yearly business reviews, depending on the scale and complexity of their media investment. Meetings should be attended by relevant stakeholders from your organisation's RACI, your key agencies, including media, creative and PR, and your media consultant.

Whatever review frequency is selected, consistency is critical. Plan review dates well in advance and ensure that all relevant stakeholders attend.

Track progress against agreed KPIs	Identify emerging risks and opportunities
Address issues before they become problems	Reaffirm business priorities and strategic direction
Recognise areas of exceptional performance	Ensure accountability for agreed actions

Step 2:

Create a standardised business review agenda

Different elements of your performance analysis will take place separately and will be carried out by the relevant department, for example a media audit with the media team and procurement and brand tracking with research and marketing. For your quarterly or half-yearly business review, summaries from each of these research elements should be included - but only the information that will lead to improvements in outcomes. This allows performance to be assessed objectively over time and prevents meetings from becoming overly long or dominated by short-term issues or individual stakeholder concerns.

A typical agenda should include:

a. Business performance

This should be led by the most senior stakeholder, with input from the finance department and other relevant teams. The aim is to give agencies a clear view of how the business is performing, the priorities for the period ahead, any issues that need to be addressed and, importantly, the successes to build on. Agenda items could include financial performance such as sales, profit and market share; operational issues such as outstanding invoices; and marketing indicators such as customer acquisition and brand metrics. A short overview of your organisation's key risks, opportunities and strategic priorities for the next period will also help set the context and foundation for the discussion.



b. Compliance and governance

This section will be led by your financial compliance auditor, with ownership typically sitting with Procurement or Finance. Contractual compliance and adherence to agreed operating procedures can easily be overlooked, so they should form a regular part of the review process. A simple RAG summary can be used to highlight performance across the following key areas, allowing any issues to be identified quickly and actions for improvement to be agreed.

- Contract compliance
- Financial transparency
- Invoice accuracy
- Approval processes
- Governance protocols
- Use of inventory or principal-based media
- Staffing commitments
- Resource allocation
- Hourly rate contracts
- Timesheet validation (where applicable)

c. Agency servicing performance

This can be assessed internally or with support from a specialist consultancy. A typical approach is to use 360-degree feedback questionnaires to evaluate the quality of the agency relationship, operational delivery and strategic contribution.

Areas typically assessed include:

- Strategic contribution
- Understanding of the business
- Proactivity
- Responsiveness
- Innovation
- Team quality
- Operational delivery
- Collaboration
- Senior management involvement

d. Media performance and investment management

Your media performance consultant will review how effectively your media investment is being managed and optimised. This may include benchmarking your media pricing against comparable advertiser data or agreed pricing targets, as well as evaluating reach, prominence, targeting and placement quality against competitors. The review should also consider whether your overall investment strategy remains aligned with your objectives and wider market trends.

Advertiser perceptions of media auditing

Media Leaders survey findings

Respondents see clear value in media audits, but less consistency in how findings are acted on and linked to incentives.

Statement	1	2	3	4	5
Media audits provide measurable value	0%	0%	13%	60%	27%
Audit findings are acted upon effectively	0%	0%	33%	47%	20%
Audit outcomes linked to incentives	0%	13%	20%	40%	27%
Media auditing provides supply chain visibility	13%	20%	33%	33%	0%

1 = strongly disagree, 5 = strongly agree

Business outcomes measurement

Media Leaders survey findings

Advanced MMM and first-party data are now mainstream sources of information in business planning.

Led by the research and analytics team, this element will review the extent to which media activity is contributing to desired business outcomes. Depending on the advertiser's measurement maturity, this may include:

- Marketing Mix Modelling (MMM)
- Econometric analysis
- Brand tracking studies
- Attribution modelling
- Sales analysis
- Customer acquisition metrics
- Market share tracking
- Consumer research

The objective is to understand not only what was delivered, but also what impact media activity had on business performance, supporting future planning decisions.

Step 3:
Ensure ownership through the stewardship RACI

One of the most common causes of ineffective performance management is uncertainty around ownership. Each performance area should align with the previously agreed Stewardship RACI framework, and a timeline should be put in place to ensure regular reviews are delivered.

Step 4:
Identify actions, responsibilities and timelines

Performance reviews should never end with discussion alone – they should conclude with a documented action plan covering:

- Improvement opportunities
- Areas requiring investigation
- Agreed solutions
- Responsible owners
- Target completion dates

Action plans should be distributed following each review and progress tracked at subsequent meetings.

Step 5:
Calculate and manage performance-related incentive payments (PRIPs)

If performance-related incentive payments (PRIPs) form part of your agency remuneration model, the methodology should be agreed before the measurement period begins. Before any media is booked, your media auditor should create a playbook that outlines the agreed KPIs, targets, measurement methodology and the PRIP calculation, so there is no ambiguity or conflict for when it comes to paying the bonus or applying a penalty for underperformance.

Scores should be validated by the designated governance owners before final incentive payments are approved.

Alternative approaches for smaller advertisers

Not every organisation has the budget to support independent auditors, consultants, advanced modelling programmes or extensive research studies. Smaller advertisers can still establish effective performance measurement processes by focusing on practical and affordable measures. An in-house driven survey of key stakeholders of agency performance can suffice. Limit the survey to ten questions and review the results in one meeting with the objective of setting an agenda for continuous improvement.

Media spend of over £1 million should be reviewed at least every two years by a media auditor to ensure pricing remains competitive. It's also a good idea to have a contract compliance review at least once in a three year contract cycle.

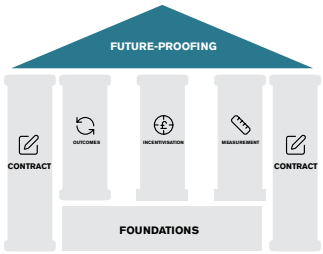




Measurement framework: best practice checklist

- [ ] Review meetings are scheduled quarterly or half-yearly
- [ ] A consistent business review agenda has been established
- [ ] Business outcomes and strategic performance are included alongside media metrics
- [ ] Compliance and governance reviews are conducted regularly
- [ ] Agency servicing quality is measured through stakeholder feedback
- [ ] Media performance and investment effectiveness are independently assessed, where appropriate
- [ ] Clear ownership has been documented through a Stewardship RACI
- [ ] Actions, responsibilities, and deadlines are agreed following every review
- [ ] Measurement approaches are proportionate to available budget and resources
- [ ] PRIP calculations are clearly documented and transparently applied
- [ ] Performance reviews focus on continuous improvement rather than solely on remuneration
- [ ] Review outputs are communicated to all relevant stakeholders

A well-structured measurement process ensures that KPI frameworks remain meaningful, agency performance is transparent, and media investment continues to deliver the maximum value possible for your business.



Future-proofing:

Designing an agency relationship ready for change

Media Leaders survey findings

AI is considered the dominant future trend, with transparency, accuracy and quality among the biggest concerns.

AI, retail media and attention metrics are expected to have the greatest impact on the media industry in the coming years. However, the majority of leaders surveyed have no current plans to use retail media, citing limited internal resource and challenges around measurement and attribution.

Advertisers are mainly using AI for campaign optimisation, creative and content development, while agencies are using it primarily for strategy and optimisation. Most leaders also report that they do not yet have clear AI governance guidelines in place, despite concerns around compliance, transparency and accuracy.

The media landscape will continue to change rapidly, through new channels, technologies, trading models, regulation and shifts in consumer behaviour. No one can predict every development, but advertisers can build relationships with their agencies that adapt without forgoing transparency, accountability or media value. Future-proofing a relationship isn't about preparing for a specific technology or channel, but about creating the flexibility, governance and capabilities that will allow the relationship to respond well to change.

1: Building flexibility into the agency model

In a business, technology and media landscape that is constantly in motion, you should design scopes of work, team structures, contracts and governance arrangements to evolve as your needs respond to the market. New channels and technologies can alter the skills required from an agency, how they deliver and where value is created, while M&A activity can also change agency capabilities, ownership structures, access to technology and commercial incentives. Unexpected events such as geopolitical or environmental disruption can also drive sudden changes in consumer behaviour or the availability of media – your investment may need to be reallocated quickly, so your organisation's governance and approval processes should allow for this.

How is the media industry changing?

- Emerging media channels
- New and evolving technologies
- M&A activity and industry consolidation
- Geopolitical and environmental disruption
- Regulatory and privacy changes
- Shifting consumer behaviour
- Measurement and data fragmentation

As media becomes increasingly personalised, advertisers often require significantly more creative assets, formats and variations than in the past. This is creating closer dependencies between media, creative and production functions, whether they are managed in-house, through agencies or a combination of both. While AI and automation can support content production at scale, ensure that efficiency gains do not come at the expense of creative quality, brand consistency or authenticity.

This all means it's crucial not to treat the operating model agreed on at the start of the relationship as fixed for the entire duration of the contract, but something that can – and should – evolve. Regular reviews will allow for both parties to reflect on whether the scope, team, commercial arrangements and governance remain appropriate, and whether emerging capabilities should be added, removed or handled in a different way.

2: Apply established standards to emerging media

Newer channels should not be exempt from the standards you apply elsewhere in the media plan simply because they are new, or measurement frameworks for them are still in development. Rapidly evolving channels such as CTV, retail media and influencer marketing – and indeed any brand new channels that emerge – should be assessed against clear expectations for strategy, transparency, media quality, brand safety data governance, measurement and value. Where standards are still developing, identify any gaps or limitations upfront and agree with your agency on how they'll be managed. There's no need to create a lower accountability bar simply because a channel is new or complex.

3: Set principles for emerging technologies

In the modern landscape, it's inevitable that new technologies will emerge over the course of your relationship with your agency partner. Clear principles around how new technologies are evaluated, introduced and governed will help both parties to effectively manage them as they materialise. This should of course cover AI, but also other areas such as clean rooms, identity solutions, advanced analytics, automation and new measurement technologies. For AI, you may also want to examine how technologies distinguish invalid or fraudulent traffic from legitimate machine-mediated interactions, as AI agents increasingly access information and services on consumers' behalf and are a significant portion of traffic.

While it can be tempting to focus on the new technology itself and what it does, your focus should be on the problem that it can solve, the value it's expected to create, the data it uses and the level of control and oversight required for it to deliver optimally.

It's a good idea to implement a test-and-learn approach to help you assess these new technologies and channels before committing to significant investment. Tests should have a clear business rationale, defined budget and success measures, with an agreed process for deciding on whether an initiative should be scaled, adapted or dropped.

The principle to always bear in mind is that the adoption of technology shouldn't be the objective in itself – new capabilities should only be introduced where they drive performance and value, or improve decision-making, efficiency or control.

4: Plan for measurement limitations

Emerging media channels and technologies often have limited measurement capabilities – take this into consideration before investment is committed, particularly when data is fragmented, controlled by individual platforms or difficult to compare across channels. You should agree with your agency what can realistically be measured, what limitations there are and which data sources will be used to assess performance. Where possible, independent measurement or verification will ideally supplement data from platforms and vendors.

5: Maintain transparency as models evolve

Transparency is a priority in client-agency relationships that function well and are mutually beneficial. New technologies and media models can introduce additional layers of complexity into the relationship, meaning it's important that you understand how proprietary tools, algorithms, SaaS produces, data partnership, retail media arrangements and other agency or vendor partnerships affect both the service being delivered and your agency's commercial incentives. This requires relevant arrangements to be disclosed upfront, documented and subject to suitable benchmarking or auditing, allowing you to maintain sufficient visibility to understand how recommendations are made and where value is created.

6: Protect access and avoid unnecessary dependency

Campaign data and history, learnings, models and measurement frameworks are among your most crucial assets and merit protection. It's crucial that you retain access to and, where relevant, ownership of these assets, even (and especially) if they are supported by proprietary agency technology. Indeed, this is so important that ownership, access and portability should be addressed in the contract, to ensure that your important information and capabilities aren't unnecessarily tied to a particular agency, platform or tool.

The same principle applies to knowledge; the relationship between you and your agency shouldn't rely on your being unable to understand or challenge the tools and approaches used on your behalf. Indeed, it is incumbent on your agency to ensure that you understand emerging opportunities, assess their relevance and build the internal infrastructure needed to make informed decisions.

7: Balance automation with human judgement

Automation is playing an increasingly important role in planning, buying, optimisation and analysis, but human oversight is still of critical importance; you need clarity into where it needs to be applied in order to ensure your account is managed in the best possible way. Human input is particularly relevant for strategy, significant investment decisions, quality control, risk management and interpreting outputs. While the appropriate balance will vary depending on factors such as the task, the level of automation and its importance in your overall business, accountability for decisions should remain clear.

8: Review future readiness regularly

The landscape is always evolving, which means that assessing readiness for what the future may bring is necessarily an ongoing process rather than a one-off exercise. Reviews can consider developments in consumer behaviour, regulation, technology, media supply, and agency capabilities and commercial models, and assess what those changes mean for your relationship with your agency partner. The aim isn't to respond to every new development, but to ensure the relationship is agile enough to adapt where change creates a meaningful opportunity, risk or requirement.





Future-proofing: best practice checklist

- ☐ An agency model that can adapt as channels, technology and business needs change.
- ☐ Consistent standards of transparency, measurement and accountability across established and emerging media.
- ☐ Clear principles for assessing, testing and knowledge, without unnecessary dependency on proprietary systems.
- ☐ A clear balance between automation and human oversight.
- ☐ Regular strategic reviews to ensure the partnership remains fit and ready for the future.

Final thoughts:

Building stronger agency relationships through shared accountability

Effective agency management isn't about adding process for its own sake – it's about creating the conditions for a productive, transparent and resilient relationship that benefits everyone. Establishing the fundamentals early and with clear sightedness is at the heart of a strong relationship. You – the advertiser – must be clear about what your business needs, ensure that responsibilities are clearly allocated internally, and have access to the right skills and expertise to manage and challenge the agency effectively. The agency in turn needs to understand how its success, or lack thereof, will be judged. Commercial incentives should be aligned, performance should be measured fairly and the contract should provide a robust framework for the entire relationship. Just as importantly, both sides should be willing to adapt as business priorities, the landscape and technology move on.

Agency accountability is therefore a shared responsibility. Advertisers need to create the conditions in which agencies can perform at their best, while agencies themselves need to demonstrate clearly that they are delivering the value, expertise and stewardship expected of them.

While putting in place the structures we have outlined in these guidelines will not remove every challenge from the relationship, it should make them easier to address. And that should reduce the need for frequent agency reviews, and, ultimately, help strong partnerships endure – and drive value – for longer.

To discover how ISBA and ECI Media Management can help you to strengthen agency relationships and governance, reduce media wastage and maximise media value, contact one of our experts below.

ISBA and ECI Media Management are grateful to the following for their support in the creation of this framework.

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