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How to Manage Advertising Production's Bigger Picture

Five steps to establishing a strategic production-spend management program.

The need for better production oversight is back in the spotlight, with transparency having been an ongoing topic of conversation over the past few years.

The media space is becoming more complex as advertisers push to generate a greater volume of content more efficiently and faster across multiple channels and global advertisers scale production efforts to adapt content for local markets. Add to this the unexpected challenges of the pandemic and it creates a perfect climate for innovation and change with a strategic production-spend management program.

While there has been a cost-management focus placed on individual production projects, a strategic, companywide approach to governing production spend is still relatively immature. A strategic approach can help CMOs simplify and optimize complex processes by consolidating and standardizing data across all production activity, which provides greater insights into how to get the most value from their investments and make more informed production decisions.

The 2017 ANA "Production Transparency in the U.S. Advertising Industry" report states improved advertising production management is within advertisers' control. "Advertiser disciplines, accountabilities, and controls for production need to be evaluated, upgraded, and restructured to substantially elevate decision-making quality and enhance disciplines and overall financial management," the report reads. But, due to the complexities associated with the production area, many advertisers struggle to develop an effective, overarching production-spend management process that helps them increase efficiencies, manage vendors, track budgets, and maintain oversight. To help overcome those complexities, here are five steps to creating a governance program that optimizes production spend:

01 Establish a Strategic Production Spend Management Charter

As a first step in developing a governance program, advertisers should create a charter that includes an objective and purpose, project scope and boundaries, and sponsorship expectations and responsibilities along with team member roles and responsibilities, resource requirements, and timelines.

The charter should clearly document the overall production strategy. An example strategy could be to have a centralized production model and adapt assets for local market use. Or, as an alternative, the strategy could be to move toward modular content production for omnichannel use. (See sidebar "Objectives for a Strategic Production-Spend Management Program," below.) It is important to define what is in scope and what is not. Advertisers should consider whether the process is limited to shoots or whether it includes adaptation and digital production as well.

The charter should identify key stakeholders who have an influence over production, as well as their roles in the process (e.g., marketing, finance, legal, procurement, and third parties such as producers, cost consultants, technology vendors, and service providers), and delineate clear lines of responsibility between all those involved in the process. It should be clear who is able to make financial commitments on behalf of the advertiser.

02 Document the Production Process

In building a production governance program, advertisers will need to document the current production process, starting with governance, idea/budget creation, and the steps that follow, including writing the scope of work, approval workflows, and project reconciliation. It is valuable to formally map the process and identify stakeholder touchpoints.

Advertisers will need to understand where and how production is happening and should ask themselves the following questions:

○ Is original content development centralized and, subsequently, adapted for local markets?

○ Is production a centrally managed process or are there multiple processes in different markets?

○ Does global marketing have line-of-sight to all production?

○ Are stakeholders complying with the current process?

○ Do stakeholders who fail to comply with an established process do so because it is too complex or because it is not communicated effectively?

○ Are stakeholders overwhelmed by their level of responsibility in the current process?

By asking themselves these types of questions, advertisers can gain a better understanding of their process and identify the pain points that need to be addressed within their current ways of working.

03 Understand and Analyze Costs

It is difficult for diverse global advertisers to gain a comprehensive understanding of their total production spend — even capturing a top-line spend amount is challenging. For effective spend management, it is critical to understand fee components and cost drivers.

Advertisers will need to establish consistency in terminology and processes across regions, and gain clarity on the cost components and financial structure between the advertiser, the agency, and any third-party suppliers.

With this foundation it is possible to roll up one's total spend information and gather insights into information such as the most common types and root causes of cost overruns or avoidances. Having a database of historical data allows analysis at an enterprise level. This allows the advertiser to tap into data analytics to help visualize data for trends or outliers.

As part of understanding and analyzing costs, marketers will need to create a top-line view of production activity across all business units, brands, agencies, shoot locations, timelines, and geographic markets, and assess initial budgets, prenegotiated estimates, winning estimates, and final actual costs.

04 Create Project Level Objectives

Those establishing the management process will need to prioritize and agree on which objectives to address at the individual project level and, wherever possible, identify measurable KPIs. The following key activities will help advertisers gain better oversight of their production program:

- Tracking spend and actualizing costs against the budget
- Establishing the right approval workflow and requirements
- Establishing thresholds for when cost consultants are required
- Defining the scope of the individual production shoots with the media strategy in mind
- Considering a program that is audit ready

This step will also help advertisers align the right work with the right suppliers and identify opportunities for in-house production teams, niche agencies, and diverse suppliers.

05 Develop a Communication Plan

Shifting from a project-by-project approach to a strategic production-spend management program takes effort, coordination, and support. One foundational aspect of a project's success is obtaining sponsorship support from marketing leadership, who can ensure the project's goals are aligned with the overall goals of the company and help garner support from other stakeholders.

Advertisers should establish a communication and training plan to bring all stakeholders into the change process. Clearly articulating what is changing and the reason for the change helps establish engagement and trust. Staying engaged with key stakeholders throughout the process and keeping lines of communication open are critical components for success.

Take Action

As new media channels become available and advertisers look to push more content out at faster rates, strategic production spend management will continue to grow in importance.

The steps outlined above can help advertisers who are seeking to provide structure and consistency to their processes and gain insights from their data. Paired with technology and automation, these steps can serve as enablers for advertisers to streamline their processes and data, improve compliance, and optimize approval workflow, version control, and budget management.

Now is the time for advertisers to harness their production data to understand their global production activity, draw insights from it, and set a strategic direction for the future of production.

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