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## SPECULATING ON GOLD: A LOSING PROPOSITION

In most industries mere mention of the word “speculation” cultivates images of risk, potential losses, dilution of assets, and mining for riches that never materialize. However, in the advertising and graphic design trade, speculation means something entirely different. For many practitioners spec work, as it’s often called, is considered a means to an end—the practice of accepting assignments without any guarantee of payment after the work has been completed.

In today’s marketing-driven business environment, it’s important to understand that spec work is not an appropriate component of effectively managing the creative process and getting the most from your ad agency or design firm. Here’s why.

### False Hope and Bad Business

To the agency or firm, agreeing to spec work is ultimately based on the hope of getting a new account and walking down the proverbial Yellow Brick Road to Emerald City and big payoffs (though provisions for compensation are rarely announced in advanced). Instead, this practice almost always results in diminished hopes, diluted concepts and most important, lost revenues for the artist or the firm. Businesses like to sugar coat the acceptance of spec work as “a shot at stardom.” Critics label it “prostitution.” At Catapult, we prefer to just call it “bad business.”

Most creative industries such as photographers, fine artists and even architects would never consider doing work without a contract to be paid. Why would an architect spend precious time and talent to design a beautiful building hoping that a prospective client might choose it and then set a value on the work? They wouldn’t of course. Why then do many ad agencies and some design firms readily give up their only true assets—their ideas and intellectual property—to gain favor with potential clients? The answers are as varied as the work that’s given away.

For years it’s been common practice for ad agencies to pitch a new account with ideas for an upcoming advertising campaign. The investment and risks involved are usually accepted by the agency because of the oft tremendous, ongoing revenues garnered from media placement should the agency win the account. Graphic designers, however, who typically do not enjoy media commissions, examine spec work much more critically. Respected industry associations have long voiced warnings against this practice.

## Hearers and Doers of the Word

Graphic Artists Guild's, *Pricing & Ethical Guidelines Handbook*, reminds industry professionals that, "Speculative ventures, whether in financial markets or in the visual communications industries, are fraught with risk. Individuals who choose this course risk loss of capital and expenses...risk not being paid for the work, take valuable time from pursuing other paying assignments, and may incur unreimbursed expenses."

The American Association of Advertising Agencies' (AAAA) *Standards of Practice* states, "Unethical competitive practices in the advertising agency business lead to financial waste, dilution of service, diversion of manpower, loss of prestige, and tend to weaken public confidence...in the institution of advertising."

And finally, the American Institute of Graphic Artists' (AIGA) *Standards of Professional Practice* affirms, "A designer shall not undertake any speculative projects, either alone or in competition with other designers, for which compensation will only be received if a design is accepted or used. This applies not only to entire projects but also to preliminary schematic proposals."

Notwithstanding standards of practice and other clearly defined ethics, it can be difficult to be both "hearers and doers of the word." This is especially true in tight, economic times when cutting marketing and advertising spending is always considered a business' first income source to boost their bottom line.

When the pot of gold at the end of the rainbow appears impressive or when an agency or firm is given a chance to get into a new market, it's tempting to say yes to spec work. Sometimes a design firm will say yes to spec work just to compete with an ad agency whose willingness to do spec work is part of their normal business practices. In these cases, both lose to some degree regardless of who is awarded the account.

It's been said that the toughest word to say in the English language is simply, no. This axiom applies to advertising and design professionals as well when asked to consider performing spec work. Saying no should be considered a reflection of one's business maturity, and not an implication that "there's plenty of work on the books already." Avoiding spec work is not about restricting free trade, but rather it's about doing what's right and what's good for the industry.

## Trust Yourself and Your Work—Not the Dangling Carrot

So why should one say no to spec work in the first place? Here are three reasons to stand up for this principal, educate prospective businesses and add value to one's reputation and goodwill.

**1) Creativity is First Strategic, Second Tactical.** As marketing communication experts, it would be imprudent for an agency or design firm to even attempt to prepare creative solutions to a prospective client's critical marketing issues without knowing their business. Without an established creative brief—the document that both client and agency should develop together—tactical solutions would be presumptuous. This strategic groundwork serves to accurately position a client's visual communications. How can one reasonably help a new client without clearly understanding their business, customers and competitors? Those who would submit spec work are not being strategic, but merely trying to be creative at best.

Potential clients should be reminded that successfully meeting their marketing objectives begins with intelligent, strategic thinking followed by great creative. To do otherwise is to invest valuable time and energy with hopes of seducing the client with creative work that may never meet their marketing objectives.

**2) Your Ideas Are Your Only Real Assets.** A firm's strategic ideas and creative solutions are their intellectual property and most valuable assets—like those of an accountant, financial planner or even a software developer. These and other professionals, whose livelihood depends on their analytical and creative skills, would never give their time and talents on spec. A firm's ability to create and protect its ideas is analogous to a programmer's source code. One's success depends on profitably selling one's ideas. To give them away without compensation dilutes their inherent value.

**3) Leverage Your Portfolio. Exploit Your Experience.** A firm's portfolio, experience and reputation in the marketplace should speak for itself. This should be underscored to the prospective business and can be accomplished by presenting past client work. Invite would-be clients to see firsthand how your firm has helped other companies and organizations build their brands and added value to their marketing communications. Leverage this work to enable potential clients to understand the process employed and any measured results of your firm's work via client case histories. Use your firm's experiences to help them envision what it can do for them.

Advertising and design practitioners have a professional responsibility to educate clients and elevate the value of their work. Saying no requires conviction and may even result in lost, short-term revenues. Yet, saying no for the right reasons can collectively help the industry by ultimately increasing the perceived value of one's work and building long-term revenues for creative ideas and solutions. It means successful mining yields gold by selling one's services at fair prices and not through wishful speculation on tomorrow's hopes.