PITCH DISBURSEMENT BY LAWS

November 2024, Update 9



The need for Pitch Disbursement

Situation

- O Speculative pitches are expensive and resource draining, resulting in a financial burden to Agencies already operating with sliding margins.
- O Advertiser pitch briefs are increasingly more demanding, with multiple assignments and complex in their requirements.
- O Some pitches are merely a 'charade' with the Agency selection already made, prior to the presentation.
- O Unfortunately exploitation of Agencies at speculative pitches for free brand positioning, strategy and creative ideas have become a market norm.
- O Status of Agency professionals reduced to a "supplier" or "vendor" rather than a valued communications partner.
- O Some unethical Advertisers demand the right to utilize or release Agency's proposals, documents, concepts, ideas and intellectual property regardless of whether the Agency is chosen in the competitive pitch.
- O Some Advertisers have been known to organise a pitch involving more than the 4As recommended 3 Agencies (4 if incumbent is included).

Objectives

- 1. Encourage Advertisers to firstly try to make the existing Agency relationship work rather than thinking that a move to a new Agency is necessarily the answer.
 - a. Long term Advertiser-Agency relationships more often than not benefit the health of the Advertisers brand.
 - b. 65% of surveyed Advertisers* believe a long term relationship with their Agency is either important, very important or essential in producing great work.

(*Source: 2019 survey by the World Federation of Advertisers (WFA) and The Observatory International. Responses from 42 senior marketers representing 35 different brand owners present in more than 14 categories that collectively spend just under USD50billion on global advertising)

2. Promote the use of a "Credentials/Past Case Studies" presentation as the sole selection criteria. This does not require payment of any pitch disbursement.

(Many successful Agency appointments are based on reputation, team chemistry, credentials and testimonials from other Advertisers as opposed to a speculative pitch)

3. Allow Member Agencies to recover some part of the expenses incurred to develop the pitch proposals.

(This is for when an Advertiser decides calling for a competitive pitch is the right course of action)

4. Deter misuse of the pitch process and encourage a professional approach from both Advertiser and Agency.

NOTE

- (i) Payment of a Pitch Disbursement does not confer the right of the Advertiser to utilise the Agency's intellectual property directly or indirectly. Any violation can lead to the necessary legal action for copyright infringement by the Member Agency who owns the intellectual property
- (ii) Pitch Disbursement is not a pitch fee. There is no element of price fixing. Members are entitled to bid for the assignment at any price they deem competitive

Pitch Disbursement

The following By-Laws have been drawn up for Ordinary and Associate Members to comply with, pursuant with Clause 26 of the Constitution of the Association.

1. CITATION

- (i) These By-Laws shall be cited as the Pitch Disbursement By-Laws and shall only be applicable in situations wherein the total marketing communications budget (inclusive media cost, production cost, fees and/or commissions) is above RM 200,000 (Ringgit Malaysia Two Hundred Thousand).
- (ii) The Pitch Disbursement By-Laws shall not be applicable when the Advertiser uses an Agency's Credentials and Past Case studies presentation as the sole selection criteria.
- (iii) Advertisers are free to invite 4As Members and nonmembers and the Pitch Disbursement is imposed on Members of 4As only.

2. INTERPRETATION

In these By-Laws unless the context otherwise requires:

Business Pitch	includes a presentation where more than one Member has received the same Advertiser's brief for the same pitch exercise.					
Advertiser's Business	means the stated marketing communications budget of the advertiser in the pitch brief from the Advertiser to the Member.					
Advertiser	means any organisation whether having either its place of business or registered address inside or outside Malaysia, seeking the services of a Member.					
Assignment	Each Pitch may involve more than one assignment and therefore the Disbursement shall be payable for each of the assignment. Examples					
	A. A bank's request for a new positioning idea or theme that can be applied across all its products and services is considered one assignment. However, if the bank also requests a proposal specifically to recruit new members for its credit cards, this would count as two separate assignments.					

- B. An airline requesting proposals for its Brand Strategy, New Visual Identity, and Frequent Flyer program would be classified as three assignments.
- C. A property developer seeking a branding proposal for a new township and, simultaneously, a launch plan for the first phase of double-storey link houses would count as two separate assignments.
- D. In a multi-brand pitch (e.g., proposals for Brand A fuel, Brand B lubricant, and a Road Safety campaign), this would be considered three assignments.
- E. If a company requests the following proposals: a group corporate image campaign, a product brand campaign targeted at consumers, a Hari Raya seasonal greetings campaign, and a brand campaign focused solely on commercial buyers in a foreign market -these would collectively be treated as four distinct assignments

Member

means an Ordinary or Associate Member of the Association of Accredited Advertising Agents Malaysia.

Pitch

includes any proposal to promote any brand, product, service, company or organization for any campaign stating the objective(s) of the campaign in Malaysia and it shall include proposals for marketing, marketing communications strategies, market/consumer

analysis/creative ideas/executions and any such display of an Agency's intellectual capital directed at communication solutions to help solve an Advertiser's brand/product/service needs.

It shall include any form of trial projects, workshops, think piece presentation on issues facing the brand, where more than one Member has received the same Advertiser's brief for the same pitch exercise.

Boomerang Points

refers to 4As Members having to attain the Boomerang Membership Accreditation Programme (BMAP) points in respect of each year as set out in 5.2 of these By-Laws for purpose of continued enjoyment of the rights and privileges of 4As Membership.

Pitch

means the amount that the Advertiser has **Disbursement** to pay in respect of each assignment to each Member invited for the pitch.

4As

means The Association of Accredited Advertising Agents Malaysia.

A Subsidiary As defined in Section 4 of the Companies Act 2016.

Majority **Ownership**

Means the Member or the Director(s) of the Member owns and control more than 50% of the shares of the other corporation.

Management Control

Means the Member or Director(s) of the Member being in charge or has effective control on the other corporation.

3. APPLICATION

- 3.1 These Pitch Disbursement By-Laws shall apply to Ordinary and Associate Members where more than one 4As Member has received the same Advertiser's brief for the same pitch exercise.
- 3.2 Members shall require an Advertiser seeking a pitch for their company's marketing and communications business to comply with these By-Laws.

4. PITCH DISBURSEMENT

4.1 An Advertiser seeking the services of a Member or its subsidiary company (as defined in the Companies Act, 2016) to pitch for their marketing communications business shall pay a Pitch Disbursement in the event that the total marketing communications budget (inclusive media cost, production cost, fees and/or commissions) is in excess of RM200.000.

A subsidiary company of the Member shall mean a company incorporated under the Companies Act, 2016 in which the Member or its Director(s) has a majority ownership or management control and the other entity shall be required to act in accordance with directives from a Member, provided such subsidiary or other entity is engaged in the same business as the Member which is to create, maintain and enhance the value of its client's brands and business through advertising, marketing communications or marketing services.

The Pitch Disbursement payable by the Advertiser for each assignment within the Pitch shall be RM10,000, excluding Service Tax.

- 4.2 No Member or companies controlled by a Member shall enter into any pitch without first requiring the Advertiser to execute an undertaking to pay the Pitch Disbursement for the actual number of assignments to the 4As.
- 4.3 Such undertaking shall be executed by the Advertiser using the prescribed Pitch Disbursement Form and shall be submitted to the 4As at least fourteen (14) working days prior to the Pitch submission date or presentation date, whichever date is earlier. It will be the onus of the Member to check with the Secretariat that the undertaking has been submitted by the Advertiser before undertaking the pitch.

5. ADMINISTRATION

- 5.1 A Member who has decided to pitch shall immediately and without fail notify the Advertiser that:
 - a) As a Member of the 4As, the Agency is bound by the Pitch Disbursement By-Laws, an industry requirement since 2006.
 - b) The Advertiser will need to provide an undertaking to the 4As' Secretariat to pay a pitch disbursement of RM10,000 (plus applicable Government tax) per assignment, per Member Agency.
 - c) The 4As Secretariat shall be providing the detailed rationales, modus operandi and By-Laws directly to the Advertiser.
- 5.2 With the exception of a Credential/Past Case Studies only pitch, upon a Member's decision to pitch, irrespective of whether the Advertiser is deemed exempted as per By-Laws 7.1, 7.2 and 7.4, and irrespective whether the

Member is the only Member invited, the Member shall notify the 4As Secretariat the next working day in writing on the prescribed Pitch Invitation Acceptance form. If a Member fails to inform 4As of the acceptance to pitch, Boomerang Points of the Member shall be deducted from the Boomerang Membership Accreditation Programme for each and every transgression subject to the following:

The criteria for the Boomerang points deduction shall be based on the number of full time staff employed in the Agency (as per 4.3 of the BMAP By-Laws) and would be as follows:

Member	De-merit Points
Less than 15 full time staff	100
More than 15 but less than 25	150
More than 25 but less than 75	250
More than 75 staff	370

- 5.3 Upon receipt of the notification pursuant to 5.1 above, the 4As Secretariat shall forward to the Advertiser the 4As Pitch Disbursement Policy Requirements including the Terms and Conditions and the disbursement payable.
 - 5.3a Such terms and conditions shall include a requirement for the Advertiser to make a decision within sixty (60) days of the Pitch submission date or presentation date, whichever date is earlier.

Provided that the Advertiser may before the Pitch request in writing for a longer period to make a decision and the 4As Secretariat may extend the time but such extension shall not exceed a period of ninety (90) days from the date of the Pitch submission date or presentation date, whichever date is earlier.

- 5.4 If the Advertiser accepts the terms with regards to the Pitch Disbursement Policy Requirements and the disbursement payable it shall forward to the 4As Secretariat the names of the Members invited to pitch and stipulate the number of assignments in the pitch. The acceptance shall be on such conditions and in such form as is prescribed by the 4As.
- 5.5 The 4As Secretariat shall invoice the Advertiser upon acceptance of the Pitch Disbursement Policy requirements and the Advertiser shall pay the Pitch Disbursements within fourteen(14) days from the Pitch submission date or presentation date, whichever date is earlier.
- 5.6 Any Member withdrawing from the Pitch after receiving the Advertiser's brief shall immediately advise the 4As Secretariat. Upon being advised the 4As Secretariat (subject to the Pitch Disbursement being already paid), shall return the applicable amount to the Advertiser forthwith.
- 5.7 Upon the results of the Pitch being announced by the Advertiser to the 4As Secretariat, the Secretariat shall within forty-five (45) days:
 - (a) return 100% of the successful member's Pitch Disbursement portion to the Advertiser.
 - (b) be paid 10% of the Pitch Disbursement as administrative/processing fee by the successful Agency.
 - (c) release 90% of the unsuccessful Members portion of the Pitch Disbursement to each of the unsuccessful Member. The 4As retains 10% as administrative/processing fee.

- 5.8 The 4As Secretariat shall hold the Pitch Disbursement for a period of sixty (60) days commencing from the day of the pitch by a Member.
- 5.9 If the Advertiser does not announce the chosen Agency(ies) or make a decision within sixty (60) days (or any such extended period allowed, for the decision to be made) from the date of the pitch presentation, the 4As Secretariat will disburse the net Pitch Disbursement in the manner provided by By Law 5.7 (c) to all the Members of the 4As invited to participate in the pitch who are now all deemed unsuccessful. This provided the Advertiser has paid the 4As the full disbursement amount.

6. BREACH OF RULE

- 6.1 A Member who pitches for an Advertiser's business shall be in breach of these By-Laws if such Member.
 - (a) Pitch for an Advertiser's business before such Advertiser has signed the undertaking to pay the Pitch Disbursement based on the number of assignments and returned the Pitch Disbursement Form.
 - (b) Pitch for an Advertiser's business where the pitch is not otherwise in accordance with these By-Laws.
- 6.2 If any Member of the Association shall in the opinion of the Council refuse or neglect to comply with these By-Laws, the Rules and the Standards of Practice and Ethical Conduct or the By-Laws established pursuant to Clause 26 or shall be guilty of any conduct which may be likely to injure, discredit or defeat the objects of the Association, the Council shall suspend such Member from membership of the Association for a period not exceeding two (2) years.

6.3 In the event of a dispute with regards to the provisions in the preceding By-Law 6 of these By-Laws the matter shall be referred to the 4As Council whose decision thereon shall be binding and final.

7. EXEMPTIONS

- 7.1 When a pitch is conducted amongst an Advertiser's panel of Agencies whereby a Member is on such panel and the Member has been actively performing it's role on such panel for more than 6 months, the requirement for a Pitch Disbursement shall not apply.
 - Subject to the requirement that if non-panel Agencies are invited in addition to the Panel Agencies, the Pitch Disbursement will be payable in respect of all Member Agencies participating.
- 7.2 A Member shall be deemed to be on an Advertiser's panel of Agencies when it is stated in its appointment letter and the Member has been actively doing work for the Advertiser in Malaysia for the preceding six (6) months or more prior to the pitch.
- 7.3 A Credentials/Past Case Studies only pitch shall not require payment of any Pitch Disbursement.
- 7.4 Pitches solely amongst existing panel Agencies, briefs solely for work on public service campaigns that originates directly from a Government Ministry, Chief Minister's office(for example promoting consumption of less sugar, road safety, promoting vaccination, anti drink driving) shall be exempted from the application of these By Laws.

- 7.5 Government or State Agencies, Statutory Bodies, Government Corporations, Government Linked Companies, Non-Government Organizations, Associations, Societies and Charities are not exempted.
- 7.6 When only one (1) Member has been invited to the pitch and compete against non-Member Agencies, the requirement for Pitch Disbursement shall not apply.

8. PROHIBITIONS

- 8.1 No Member shall enter into a Pitch when the Advertiser has not signed an undertaking to the 4As to pay the Pitch Disbursement in accordance to the number of assignments.
- 8.2 No Member shall pay, or offer to pay, for any Pitch Disbursement on behalf of an Advertiser as an inducement to be invited for a pitch.
- 8.3 No Member shall participate in any pitch where the Advertiser requires that all or part of, the pitch proposal becomes the Advertiser's property at the pitching stage or if the pitch proposal is unsuccessful.

9. GENERAL

9.1 Members shall endeavour to discourage Advertisers from calling for more than four (4) Members (including the incumbent Agency) to be involved in a pitch.

- 9.2 Members shall take appropriate steps to ensure that their intellectual property rights are protected.
- 9.3 Members shall endeavour to take such steps as lie within their powers to eliminate abuse to the pitch process and enhance the general welfare of the Members vis-a-vis the industry.
- 9.4 It shall be the responsibility of the Member to ascertain whether the Advertiser has indeed signed the undertaking to pay the Pitch Disbursement in accordance to the number of assignments.

For more information

Contact:

The 4As Secretariat

Macomm Management Services Sdn Bhd (225555-X) Level 7, Unit 023, 129 Offices, Block J, Jaya One, 72A, Jalan Profesor Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor.

Tel: (603) 7613 1510

Fax: (603) 7613 1511

Email: secretariat@aaaa.org.my

aaaa.org.my

About the 4As



The Association of Accredited Advertising Agents, Malaysia (4As) formed in 1971 is the Malaysian industry's foremost body engaged in promoting the 'value' of Advertising Agencies in the Marketing Communications industry among advertisers, media, suppliers, government and the public.

The organization encompasses 50+ homegrown and multinational Member Agencies and Agency Brands, involved in brand strategy and marketing communications.

It celebrates, encourages and fosters creativity through brand-building ideas that drive growth and value generation for brands. The 4As promotes best practices and business excellence in the professional practice of advertising in all its forms.

It requires it's Member Agencies to invest in continuous professional development in order to retain membership. The 4As engages the business community and Government in dialogue to demonstrate the relevance of advertising as an effective vehicle for economic growth.

4As Malaysia is the originator and organizer of annual hallmark events including the Putra Brand Awards/Putra Aria Brand Awards (People's Choice) and the Kancil Awards (Creative Competition). It is also the franchise holder and organizer of the annual globally recognized, Malaysia Effie Awards (Marketing Effectiveness).



PITCH DISBURSEMENT FORM

(For Advertiser)

Please complete all sections and **return only Page 1**_of this form at least 14 working days prior to the Pitch submission date or presentation date (whichever date is earlier) to the 4As Secretariat at secretariat@aaaa.org.my or fax 03 7613 1511

Company Name

as per Companies Commission of Malaysia registration)

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Telephone			Fax			Email			
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Important Clarifications

 This Pitch Disbursement exercise represents the Advertiser's right to invite 4As Member Agencies to participate in the pitch. Each pitch may involve more than one assignment. Therefore, the disbursement shall be payable for each assignment.

Examples

- a) A bank's request for a new positioning idea or theme that can be applied across all its products and services is considered **one assignment**. However, if the bank also requests a proposal specifically to recruit new members for its credit cards, this would count as **two separate assignments**
- b) An airline requesting proposals for its **Brand Strategy**, **New Visual Identity**, and **Frequent Flyer program** would be classified as **three assignments**.
- c) A property developer seeking a branding proposal for a **new township** and, simultaneously, a launch plan for the first phase of **double-storey link houses** would count as **two separate assignments**.
- d) In a multi-brand pitch (e.g., proposals for **Brand A fuel**, **Brand B lubricant**, and a **Road Safety campaign**), this would be considered **three assignments**.
- e) If a company requests the following proposals: a group corporate image campaign, a product brand campaign targeted at consumers, a Hari Raya seasonal greetings campaign, and a brand campaign focused solely on commercial buyers in a foreign market these would collectively be treated as four distinct assignments.
- It does not, however, allow the Advertiser the right to utilise or release the Member Agency's proposals, documents, concepts, ideas and all other information and intellectual property either directly or indirectly. Any violation will lead to the necessary legal action by the Member Agency, which owns the intellectual property.
- 3. The Advertiser acknowledges that any ideas, concepts, strategies, trademarks, or materials (collectively referred to as the "Presentation Concepts and Materials") shared by the Agency are provided solely for the Advertiser to decide whether to engage the Agency's services. The Advertiser further acknowledges and agrees that the Presentation Concepts and Materials remain the exclusive property of the Agency, regardless of any payment made to the Agency during the pitch process. The Agency retains full rights, title, and interest in the Presentation Concepts and Materials, even if physical copies, such as artwork or written copy, are in the Advertiser's possession.
- 4. The Advertiser acknowledges that the Pitch Disbursement is intended to help Member Agencies participating in the pitch recover a portion of the costs incurred. It does not constitute price fixing. Member Agencies are free to submit their bids for the assignment at any price they consider competitive.
- 5. Advertiser acknowledges they are free to invite 4As Members and non-members and the disbursement amount is imposed on Members of the 4As only.
- 6. The Advertiser has to make a decision within sixty (60) days of the Pitch submission date or presentation date, whichever date is earlier. However, the Advertiser may before the Pitch request for a longer period to make a decision and the 4As Secretariat may extend the time but such extension shall not exceed a period of ninety (90) days from the Pitch submission date or presentation date, whichever date is earlier
- 7. If the Advertiser does not announce the chosen Agency(ies) or make a decision within sixty (60) days (or any such extended period allowed for the decision to be made) from the Pitch submission date or presentation date, whichever date is earlier, the 4As Secretariat will disburse the nett Pitch Disbursement in the manner provided by By-Law 5.7 (c) to all the Members of the 4As invited to participate in the pitch who are now all deemed unsuccessful.
- 8. Advertiser is obliged to:
 - a) Have the clearly written brief endorsed by top management.
 - b) Identify and enlist the key decision-makers.
 - c) Establish clear and objective evaluation criteria to judge/select.
 - d) Set a fixed timetable for the various stages of deliberations.
 - e) Fulfill the 60-day window period after the pitch presentation to make/announce the decision.
 - f) Give the unsuccessful Agencies the courtesy of constructive feedback on their performance.

Purchase Order and Company cheque should be made in favour of the "THE ASSOCIATION OF ACCREDITED ADVERTISING AGENTS MALAYSIA" and to be delivered to Level 7, Unit 023, 129 Offices, Block J, Jaya One, 72A, Jalan Profesor Diraja Ungku Aziz, 46200 Petaling Jaya, Selangor

If payment is made via IBG, please remit it to the bank account listed below and notify us by sending an email to either siti@macomm.com.my or joyce@macomm.com.my.

Name of Account	The Association of Accredited Advertising Agents Malaysia
Name of Bank	United Overseas Bank (Malaysia) Bhd
Branch & Address	Ground Florr, No. 1 Jalan SS21/58, Damansara Uptown, 47400, Petaling Jaya
Account Number	260-302-993-5



(For Member Agency)

Please complete all sections and **return only Page 1**_of this form at least 14 working days prior to the Pitch submission date or presentation date (whichever date is earlier) to the 4As Secretariat at secretariat@aaaa.org.my or fax 03 7613 1511

MEMBER AGENCY

Signature: Name:

Designation at Agency

WEWBER AGENCY				
Name (as per Companies Commission of Malaysia registration)				
Address				
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Date of Pitch Submission/ Presentation				
Summary of assignment and nu	mber (of assignments (M a	andato	ry)

Pitch Disbursement

The Pitch Disbursement fee is RM 10,000 plus 8% SST for each assignment within a pitch. This fee applies when the total marketing communications budget - comprising media costs, production costs, fees, and/or commissions - exceeds RM 200,000.

Examples

- a) A bank's request for a new positioning idea or theme that can be applied across all its products and services is considered **one assignment**. However, if the bank also requests a proposal specifically to recruit new members for its credit cards, this would count as **two separate** assignments
- b) An airline requesting proposals for its **Brand Strategy**, **New Visual Identity**, and **Frequent Flyer program** would be classified as **three assignments**.
- c) A property developer seeking a branding proposal for a **new township** and, simultaneously, a launch plan for the first phase of **double-storey link houses** would count as **two separate assignments**.
- d) In a multi-brand pitch (e.g., proposals for **Brand A fuel**, **Brand B lubricant**, and a **Road Safety campaign**), this would be considered **three assignments**.
- e) If a company requests the following proposals: a group corporate image campaign, a
 product brand campaign targeted at consumers, a Hari Raya seasonal greetings
 campaign, and a brand campaign focused solely on commercial buyers in a foreign market these would collectively be treated as four distinct assignments.

Reminder

1. The requirement to pay for pitch disbursement is triggered when the Advertiser's total marketing communications budget exceeds RM 200,000. This budget includes media costs, production costs, fees, and/or commissions, regardless of whether these expenses are managed through the Agency or directly by the Advertiser with third-party suppliers or media owners.

Be cautious of rogue Advertisers who intentionally declare a lower budget to avoid paying. Some may claim that specific production or media costs are excluded from their marketing communications budget.

Members are strongly advised not to support such evasion tactics. Insist that Advertisers respect and adhere to industry rules.

- 2. The 4As firmly maintains that no Agency should participate in a pitch or RFP where the Advertiser requires that all or part of the pitch proposal becomes their property, regardless of whether the pitch is successful or not.
- 3. The 4As recommends Agencies retain ownership of all ideas, plans, and work developed during the pitch process. Agencies may consider including ownership retention language in all pitch materials and documents, such as the following example:

"The copyright of this work is vested in Ad Agency Sdn Bhd. This document is issued in confidence for the purpose only for which it is supplied. It may be reproduced in whole or part, solely for the purposes of evaluation and then only on the condition that this notice is included in any such reproduction. No information as to the contents or subject matter of this document or any part thereof arising directly or indirectly therefrom may be implemented, utilized or be given orally or in writing or communicated in any manner whatsoever to any Third Party, being an individual firm or company or any employee thereof, without the prior consent in writing of Ad Agency Sdn Bhd. © Ad Agency Sdn Bhd (date)"