

MOVING BEYOND THE SPREADSHEET MENTALITY

THE AGENCY OF THE FUTURE WILL FIGHT THE CURRENT SPREADSHEET MENTALITY AND RELISH IN INDEPENDENCE, WRITE WILLIAM AND SANGEETA LEACH IN PART THREE OF THEIR JOURNEY INTO THE FUTURE.

Most agency-client relationships are predicated by head hours. In an attempt to replace the commission system with something more measurable, agencies and clients have become head-hour obsessed, trying to define a scope of work to the minutest detail and dealing in layers of part-people (for example 75% of a senior planner).

Many agencies are equally weighed down by internal reporting requirements, from balanced scorecards to bank balances and spreadsheets required for reporting to the "city", bankers or financial backers.

What has now become the "traditional" model relies on putting more people on the business to generate more revenue. The focus has moved away from the value an agency provides in problem solving communications – the output or result, rather than the input.

Beating the system requires an entrepreneurial approach. The agency of the future will fight the spreadsheet mentality and, instead, focus on value. Let's start close to home, with the bit we have most control over.

The agency of the future, if not independent, will be independently minded.

Increasingly, clients perceive the benefits of working with organisations where the guys they work with call the shots, where the people they talk to are not "managers" or "representatives" of a global entity but independent thinkers, not driven by a central strategy or central numbers (or spreadsheets).

"Big" agencies often seem trapped by structures, and inherently conservative. Smaller, more entrepreneurial agencies look for structural flexibility to suit the needs of the client and their entrepreneurial flair is perceived to be reflected in their work.

Independent agencies generally have more stable management and are, in the words of the IPA in the UK, more "entrepreneurial, individualistic and challenging". Big agencies will need to give the clients of the future a comfort level similar in terms of tenure and attitude – especially as the average tenure of a marketing director is around 20 months.

Independent agencies tend to be more focused on the work, the

product or service offered, and bottom line becomes a consequence of this focus. To quote Mother in the UK: "Whenever you sell your independence it goes wrong because work ceases to be your focus." The demands of stakeholders and shareholders often force the agency of today to be focused the other way around – bottom line driven – that is, back to the spreadsheet.

So, is this an end to global agencies and holding groups? Of course not. Those organisations just need to find ways to attract and motivate visionary leaders and "get out of the way".

The "big agency" that cracks the code of being big but remaining independently minded, will have a significant advantage in the market. Entrepreneurial flair and thinking bolstered by resource and economies of scale is a hard combination to beat.

What should the agency of the future expect from these visionary leaders and how will they deliver the bottom line while fighting the spreadsheet mentality?

Basically, they'll look for new ways of doing business. They will look to articulate the value of what they do and create deliverables against client business problems rather than agency output.

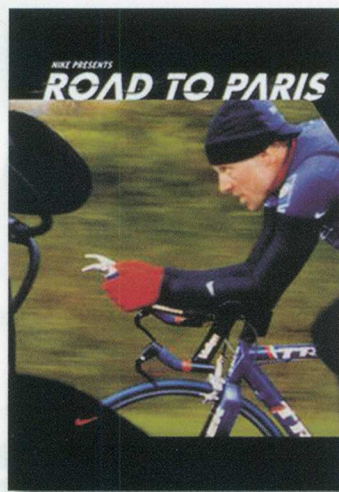
They will develop new ways to present the agency service or product, new ways to collaborate with clients, new IP ideas and new products, new media and new content. And they'll have to work "smarter".

Once again, we can learn from the independents. A couple of trailblazers are pointing the way.

Crispin Porter + Bogusky treat advertising as a "product" and have "abandoned all vestiges of service-based compensation like tracking hours, billing for time and carefully defined deliverables", according to CEO Jeff Hicks.

Instead, Crispin Porter aims for "fair partnerships" and a share of any value the agency creates for its clients. For example, Crispin Porter struck a deal with Mercedes where it was paid \$33 per car sold and the agency exchanged equity in clothing company Haggart for the services it delivered.

In a second example, Anomaly won the Virgin Airlines business on the back of an innovative value



The Nike/Lance Armstrong documentary is an example of a brand creating "interesting bits" rather than renting space between them.

Big agencies seem trapped by structures and inherently conservative. Smaller agencies look for structural flexibility to suit their clients' needs.

proposition. According to the marketing director of Virgin: "Anomaly is the only agency that has ever talked about how to turn \$10 million into \$100 million."

The agency of the future will propose an array of revenue options, often predicated on IP. But not "IP" as it is referred to by the agency of today – an idea. Rather, genuine intellectual property that can be sold, licensed or bartered by the agency.

Examples may include sharing income from the rights for created content, innovative process IP: technical, code, software and hardware IP developed for one client but applicable across others so they can be sold more than once.

The agency of the future will generate revenue through its peoples' inventiveness. The agency will create new inventions, new products, new games and even new media.

Agencies we have visited overseas have invented TV stations, social websites, interactive software, interactive mobile payment systems and even a skin care range.

In media there are opportunities in arbitrage (broking) and in sales of content as well as branded content. Instead of encouraging clients to rent the space between the interesting bits, the agency of the future will create the interesting bits. Take a look at the Nike Lance Armstrong documentary.

The fact of the matter is agency networks no longer have the "divine right" to business – witness Johnson & Johnson appointing Naked, and Nokia appointing Weiden+Kennedy.

All agencies will, in the future, have to behave like independent agencies and will not be able to rely on the structured, spreadsheet/ headcount led system that supports many of them today.

In the fight against the spreadsheet mentality, agencies will have to seek smarter working practices, engage their staff in a more global sense and use the creativity of their organisation to their own benefit as much as for their clients. <

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