

Advertising Agency Dilemma

Rising to the Challenge of the Management Consultant

Saatchi & Saatchi's announcement that 'advertising' would be dropped from its title is significant. It is evidence that the traditionally narrow discipline of 'advertising' is too tight a pigeonhole for a modern agency in an increasingly sophisticated marketplace. Looking beyond the public statement, however, it is symptomatic of a greater realisation that agencies face increasing competition for their client's time and budgets from some interesting new directions; one of the most dynamic of which is the management consultant. The subject has become an uncomfortable point of contention among most agencies. Attitudes range from an insistence that "consultants will never do what we can" to a dismissal of the threat as "an over-hyped irrelevance". It is still rare to hear a positive response and a constructive argument for agency change. Meanwhile, the consultants continue to make inroads into agency territory. Agencies would do well to take the threat seriously. First of all, because it is specifically for strategic planning, the intellectual heart of the advertising agency, that clients are now forsaking them in favour of the management consultant. This was the very discipline that raised the status of agencies from creative execution shops a generation ago, into today's intelligent communications partners. Without strategic planning, agencies would not only lose creative focus but professional credibility. Given that, for all their foibles, few clients would be naïve enough to invest the kind of sums charged by consultants without reasonable justification, there must be a significant degree of disenchantment with what advertising agencies are currently offering. The door is then left open for the management consultants to move in and seize the opportunity with the analytical precision for which they are renowned. Of course, some agencies write off the current popularity of the management consultant as a passing phenomenon - merely the latest in a series of client fads. There may be an element of truth in this but it conveniently ignores the fact that the door is only left open when the client does not shut it!

So what are the consultants offering that agencies are failing to deliver? Evidence suggests that clients now feel that they are outgrowing their traditional advertising agency partners, that they have moved on while their agencies have stood still (or, at best, moved too slowly). With ever more complex briefs and an explosion in communications opportunities, their demands are growing beyond most agencies' ability to respond. They are, more fundamentally, disillusioned by the fact that, for all their pretensions of being "full service" and "media neutral", scratch below the surface and most advertising agencies remain resolutely and dogmatically locked into that traditional 'advertising' pigeon hole. So when the management consultant arrives promising a comprehensive and holistic solution to their total communications needs, the client, dazzled by the scope of the new arrival's intellectual insight, needs little persuasion to hand over the brief.

If this analysis is true, how have advertising agencies arrived at their current dilemma and why are they struggling to compete against the capabilities of the management consultant? First of all, agencies always seem to be too busy (with their client's business, naturally) to have a strategy for their own business.

For example:

- (i) How many agencies have really focused on the changes that growing globalisation will have on their business in the next millennium - as opposed to simply pursuing a policy of relentless expansion and business acquisition?
- (ii) Apart from the more progressive media specialists (many of which are now independents), how many agencies are actively engaged in re-aligning their product to meet the needs of the radically different media landscape that is now emerging with the advent of digital TV and the explosion in computer-based media. It is a sad indictment, given the changes taking place, that so few agencies still have no Internet website.
- (iii) To what extent have agencies put into place the practical operating systems needed to manage pan-European campaigns for increasingly international clients? Too few, for example, offer an integrated network of local offices - making do with an assembly of local agencies trying to hide internal dissent about whose work should run where. One of the major problems facing clients in setting up international advertising is the difficulty in maintaining centralised control (which is often based on informal rather than organisational authority) to reconcile local differences. Imagine then, the added complication of working with an agency network whose local offices are also pulling in different directions with vested local interests. Improved internal communications are needed within and between both agency and client as campaigns go global; few networks make adequate use of e-mail and video conferencing - fewer still can offer multi-lingual account management teams.
- (iv) With the exception of the international planners, how conversant are most agency staff with, for example, the fragmentation of international consumers into horizontally-segmented tribal clusters; or, for argument's sake, Michael Porter's five forces?

If you winced at that last point you will appreciate the next: It is that agencies generally place too little emphasis on education and developing their own strategic vision. How many agency practitioners (excluding, once again, those from the more erudite planning departments) have seriously studied the theoretic aspects of their subject? If advertising is to raise its professional status this must surely be a prerequisite (imagine your surprise if your lawyer had never opened a textbook dealing with the issue on which you were consulting him). It may sound cruelly sceptical but who ever got promoted in advertising for knowing about the theory? The way to the top seems to be a narrow, well-trodden route for shrewd movers hopping from one agency to the next to secure each successive foothold - education is rarely going to get you there any quicker. So, after years of being immersed in an exclusive world of their own, it is hardly surprising that some agency chiefs have become rather myopic about their agency's future direction and corporate mission. For the same reason, agencies tend to be equally myopic about recruitment. How many agencies, for example, have had the foresight to bring in senior talent with a fresh business

perspective from outside the industry (Saatchi & Saatchi springs to mind but how many others can you name?)

In contrast, one of the key success factors of the management consultants can be attributed to their broader intellectual platform which enables them to be totally "solution neutral" (and not simply "media neutral" - which is the broadest claim most agencies are prepared to make). This perspective is further enhanced by their survival not being dependent on the selling of campaign executions which means that they have an uninhibited view of the big picture and can recommend solutions well beyond the confines of traditional advertising. This less-inhibited outlook also leads to a greater awareness of the strategic opportunities for their own future which is precisely why advertising agencies are now having to compete against them. What is more, management consultants often have a more aspirational image than their agency competitors. Why? Because they have been working hard to develop their own identities. Unlike most agencies, the consultants have actually been using their own skills to build their brand images (witness, for example, the recent image building initiatives from Anderson Consulting). How many advertising agencies have had the confidence in their own skills to use them to solve their own communications challenges?

Does all this mean that agencies are now destined to degenerate back into execution shops, handing over the strategic planning to the consultants having irretrievably lost the plot? Not necessarily. Advertising agencies have a wealth of experience and possess unique qualities above and beyond the scope of most management consultants. For example, most agency reels can celebrate several miraculous transformations of timid brands turned household legends (Tango, Boddingtons, Pepparami, Martini, The Economist, Brylcream, Lucozade...). The imaginative inspiration that sees the potential in a dormant brand cannot be replicated by any amount of strategic analysis. The impact of a truly memorable advertising campaign that expands the potential of the brand or proposition far beyond the clients declared commercial strategy is no more than an anomaly to the consultant. It is the spark of creative genius at the core of any successful agency that sets it apart from the studiously worthy but rather anodyne analysis of the management consultant.

So if agencies really do have the potential to succeed what must they do to regain their lost momentum and rejuvenate their client offering?

- (i) Agencies should take a more progressive attitude to their staff. They should be better trained and educated, they should be broad-minded about recruiting from non 'classical agency' backgrounds and there should be systematic client/agency role-reversal. Career progression should recognise wider experience and more clients should be encouraged into agency jobs and vice-versa.
- (ii) They must widen their scope to offer solution-neutral answers to wider marketing problems. Building on a broader experience base and a higher level of theoretical expertise, the agency should exercise its skills in more diverse areas of marketing communications. To support this strategy, agencies should also aim to work on a consultancy fee basis wherever possible and so avoid being compromised by a perceived vested interest in any particular solution.

- (iii) The benefits of being responsible for the final execution should be positively exploited. Provided that their strategic thinking has been set free from the formulaic execution process described earlier, agencies have a powerful and unique advantage over the management consultant in also managing the campaign execution. This factor alone can give a progressive agency the potential to successfully crack the client's brief in, perhaps, one quarter of the time (and at a fraction of the cost) taken by most management consultants. Furthermore, the strategic solution then naturally flows into the creative presentation which exemplifies it. In contrast, the management consultant's task ends at the very point where the client is getting interested.
- (iv) Agencies should use their own skills to help themselves. It might be argued that an agency's credentials may be judged in the work it produces for its existing clients (which is a bit like expecting someone to buy an Armani suit just because it looked good on the last person who was seen wearing one). We should expect to see confident agencies proud of their capabilities, advertising their competencies and meeting their competitors (from wherever they may come) with a genuine USP in their armoury.

There is, I suggest, some serious self-appraisal called for if agencies are to revitalise themselves to meet the challenges of the next millennium. That spark of ingenuity that sets agencies apart from management consultants not only provides their critical point of difference but should now be used to help define their own solutions and to re-ignite client confidence for the future.

Finally, on a personal note, I would like to reassure any indignant agency chiefs that the observations made and conclusions drawn refer to the agency world at large and are not aimed at you! They are, however, the personal and unprejudiced views of an advertising client and will, I hope, help to stimulate the kind of debate needed to get to grips with the challenges that lie ahead.

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