

VIEW FROM THE CHEAP SEATS



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Paging Richard Simmons

Why are some ad agencies still considered soft and flabby?

There's an epidemic of obesity in the advertising world.

No, I'm not talking about the media department after a gift-basket filled holiday season. Ad agencies, in particular the large intergalactic ones and conglomerates, have come under scrutiny for their lethargy.

This time the accuser was C. J. Fraleigh, Executive Director of Advertising and Marketing at GM. In a recent speech, he described agency conglomerates as "soft and flabby," which also could describe the handling on my dad's old Buick Regal.

You know things are really fucked up when GM calls you big and slow.

So in the latest trend-of-the-moment, clients like GM, Coke and Sun Microsystems are parceling out accounts and projects to smaller agencies and boutiques—the same types of agencies who were thought to be facing extinction a few years ago. Remember? The conventional wisdom held that boutiques didn't have the resources to compete with large, global, integrated agencies.

What Fraleigh said doesn't seem to make a lot of sense. Holding companies are more concerned with the bottom line than great advertising, because shareholders are in control, not ad people. Plus, agencies large and small have cut their staffs and expenses to the bone.

Obviously, agencies want to maximize profits, and clients want to get the most for their money, so where's the flab? Is there flab in the costs of simultaneously putting 10 creative teams on a TV assignment? The media commissions? The paperwork? Layers of intra-agency approval processes? The free coffee?

Maybe the flab is in the executive pay at the holding companies. You know, the folks who've never touched an ad in their lives, or at least in decades. The only things integrated in a conglomerate are the payment checks the officers and board of directors collect from their subsidiary agencies. Perhaps Fraleigh woke up and realized that the holding company honchos responsible for the stewardship of his car accounts ride in the backs of limos everywhere they go.

I worked in an agency owned by a holding company, and there was plenty of mid-level and senior-level flabbiness walking through the halls every day. So from where I sit, holding company execs make an easy target. But I don't think they're the primary problem, because if they were, they wouldn't last long.

The truth is clients can't have it both ways—bemoaning the lack of “senior-level” talent in the ad business while refusing to pay their agency enough to keep that talent while nurturing younger talent.

The higher up people get on the agency ladder, the less time they're likely to spend sweating the details of a layout in a print ad, the sound design of TV spot, or the nuances of the media plan for the Des Moines market. But does that mean they're part of the flab?

Later in his speech, Fraleigh borrowed a quote from Linus Pauling, saying, “The best way to have an idea is to have lots of ideas.” Well guess what, having lots of ideas requires lots of people and lots of time to find that elusive great idea clients like Fraleigh want, or say they want.

Plus, moving an account from a large, slow agency to a small, fast one doesn't solve problems automatically. Complex accounts are high-maintenance, requiring lots of resources to be properly serviced. It makes many more man-hours to spend \$5 million to implement an alternative or below-the-line marketing idea than it does to produce a TV spot and a media buy worth \$5 million.

So if layers are eliminated, and work is parceled to smaller, nimbler agencies, will the ideas get bigger and the work get better? Time will tell, but the holding companies aren't getting any smaller—they're continuing to gobble up smaller companies even as we speak.

I can't wait to see what GM does if it ditches some of these big agencies. I'm looking forward to all the marketing innovations they'll spur by demanding efficiency. Knowing GM, it'll be revolutionary.

You know, like taking a Chevy Cavalier, adding leather trim and calling it a Cadillac Cimarron.