

January 20, 2012

# New Models For Agency Orchestration

by Chris Stutzman  
for CMO & Marketing Leadership Professionals



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## New Models For Agency Orchestration

How Marketers Can Harmonize The Cacophony Of Multiagency Collaboration

by **Chris Stutzman**

with David M. Cooperstein and Matthew Dernoga

### EXECUTIVE SUMMARY

In a world where reaching and connecting with consumers gets increasingly complex every single day, the last thing that marketers need is to deal with the cacophony of misdirected and misaligned agency partners. In this report, Forrester lays out three models for marketers to better work with, and get great results from, their agencies.

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Forrester interviewed 16 vendor and user companies, including AKQA, Aprais, Best Buy, Dell, Digitas, Edelman, General Motors, Goodby Silverstein & Partners, Harmon Industries, Kraft Foods, Sprint, Target Brands, TBWA, The Wharton School, Visa, and WPP.

#### **Related Research Documents**

["The Digitization Of All Agencies"](#)

January 10, 2012

["Marketers Need To Take Accountability For Creative Strategy"](#)

September 29, 2011

["How To Optimize Your Interactive Agency Roster"](#)

May 27, 2011

## MARKETERS ARE OVERWHELMED BY THE CACOPHONY OF AGENCY COORDINATION

As marketers hire more agencies to keep up with the Splinternet's ever-more complex marketing ecosystem, they have created a new problem: agency management overload.

- **Marketers have more agencies than ever to coordinate.** Global advertising giants like General Motors (GM) are looking to consolidate their portfolio of agencies to a more manageable size. GM's CMO, Joel Ewanick, says that he hopes to trim its roster of 40-plus agencies down to a handful.<sup>1</sup>
- **Marketers are confused about which agencies to hire for digital.** The digitization of agency capabilities creates redundancy among agency roles. In a study of 252 interactive marketers, Forrester found that marketers are using more than 13 different types of agencies to provide so-called digital services.<sup>2</sup>
- **Marketers aren't convinced that they have the right agency portfolio.** In the Q3 2011 Forrester/Heidrick & Struggles Global Evolved CMO Online Survey of 191 marketing leaders, marketers were as likely to say that their current rosters of agencies hindered them from adapting to the new rules of marketing as they were to say that they helped them.<sup>3</sup>
- **But good agency collaboration is music to marketers' ears.** While most marketers struggle to coordinate their roster of agencies, leading marketers like Bacardi, Citibank, and Nestlé are finding that improved agency collaboration results in better agency performance. After analyzing the results of more than 1,000 annual performance evaluations between marketers and agencies conducted in 2011, Aprais, a UK-based consulting firm, found that marketers scored the top 10% most-collaborative agencies significantly higher (84.9) than the bottom 10% least-collaborative agencies (50.1).<sup>4</sup>

## IT'S TIME FOR MARKETERS TO HARMONIZE NEW MODELS OF AGENCY ORCHESTRATION

Like great musicians, marketers and agencies aspire to perform in concert together to create advertising hits that top the charts for years to come. But who's leading the band these days? Do marketers need lead agencies? And if so, what's their role? Forrester believes that the lead agency can no longer play frontman to oversee the ideation and execution of all advertising components in a highly complex marketing ecosystem. In place of this model, marketers should consider three new and more agile models of agency orchestration to redefine the role of the creative agency, the operational agency, and the marketer (see Figure 1):

- **The empowered orchestra model.** Instead of relying on a single lead agency, marketers assign a rotating lead — a guest conductor — based on the specialized talents best suited to orchestrate operations for each initiative.
- **The Broadway producer model.** Marketers take on more accountability for agency orchestration by becoming a hands-on executive producer for marketing initiatives. These

executive producers will have an artistic vision for the brand, inspire the best from their talent, and rely on the expertise of each agency.

- **The jazz improvisation model.** Marketers that don't believe in the concept of a lead agency, but prefer an unstructured style of agency collaboration to spark innovation, will facilitate agency orchestration through ad hoc multiagency teams.

**Figure 1** Three Models For Agency Orchestration

	<b>Empowered orchestra model</b>	<b>Broadway producer model</b>	<b>Jazz improvisation model</b>
Role of the creative agency	Compose	Write and perform	Improvise
Role of the operations agency	Conduct	Direct	Harmonize
Role of the client	Keep orchestra in tune	Produce	Set the stage

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Source: Forrester Research, Inc.

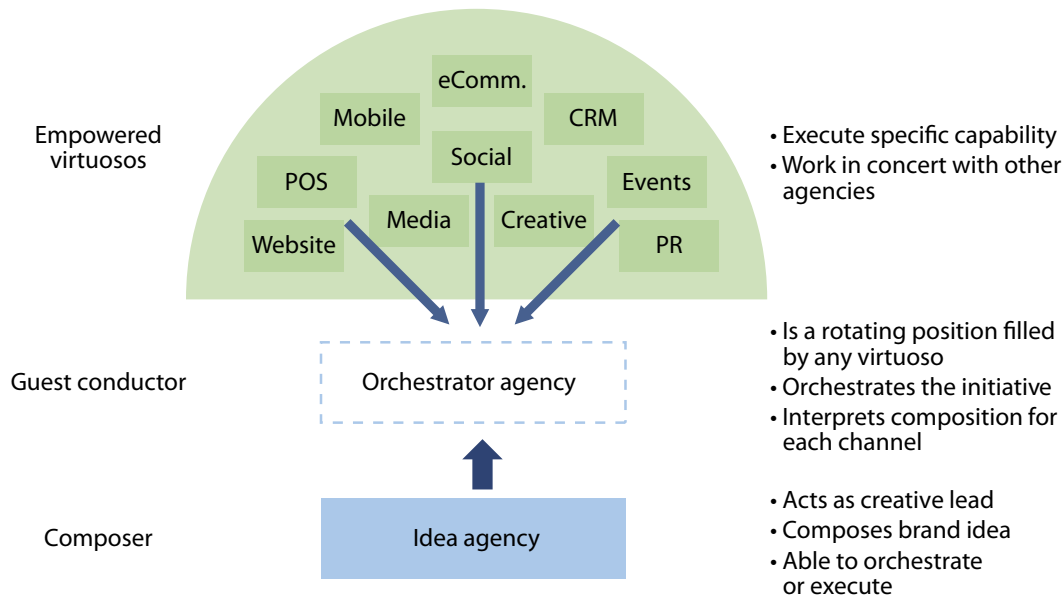
### The Empowered Orchestra Model: Leveraging Specialized Talent

In this model, marketers play a more hands-off role in agency coordination, by outsourcing the job to their agencies. Marketers will empower their agencies to play two distinct leadership roles: the composer (idea agency) and guest conductor (orchestrator agency). This approach suits marketers that want to maximize creative innovation and operational effectiveness (see Figure 2). It works well when marketers implement complex initiatives across multiple agencies within a single holding company or an agency network. To empower their orchestra of agencies, marketers will:

- **Give composer agencies freedom of artistic expression for big ideas.** Marketers can give agencies the latitude for innovative thinking by separating the role of creative leadership (composer) from operational leadership (conductor). In fact, many agencies, like Story and Johannes Leonardo, are thriving as idea-provoking agencies that don't have deep implementation capabilities. For instance, Best Buy continues to use Crispin Porter & Bogusky as its big-idea agency, while it taps Wunderman to lead the implementation of cross-channel initiatives.
- **Assign a conductor agency to interpret the arrangement for the brand composition.** Today's best advertising ideas won't succeed unless they are orchestrated across agency partners with flawless execution. That drove Ford Motor and WPP to create Team Detroit, a new entity to deliver seamless solutions across the WPP network. Similarly, Sprint recently announced the creation of its new agency model called Team Sprint — a combination of several Publicis agencies, with Digitas primarily playing the role of conductor.<sup>5</sup>

- **Empower virtuoso agencies to play the role of guest conductor.** Some advertising initiatives will require the leadership of agencies with the strongest functional expertise (e.g., public relations, media, social media, mobile). So marketers should enable virtuoso agencies to play the role of guest conductor, depending on the situation, instead of relying on the same conductor agency for every project. For instance, Google turned to AKQA, instead of a traditional creative agency, to lead all creative work related to YouTube.

**Figure 2** Agencies Rotate Lead Roles In The Empowered Orchestra Model



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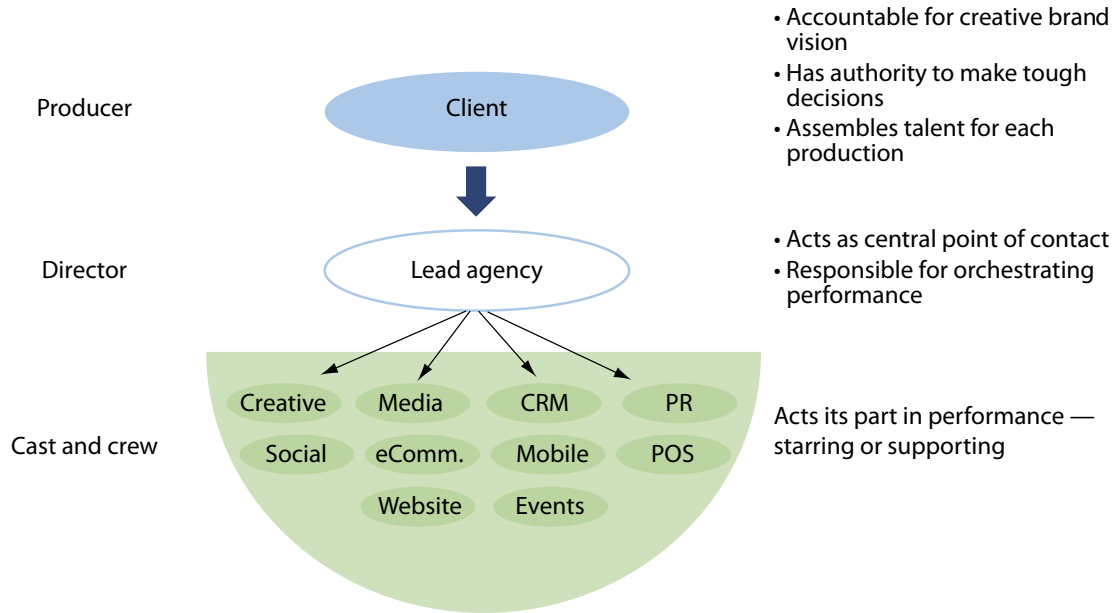
Source: Forrester Research, Inc.

### The Broadway Producer Model: Client-Led Artistic Vision

In this model, marketers may prefer the concept of a lead or point agency, but in order to make it work, they must play a more active role in agency orchestration. Like the executive producer of a Broadway musical, marketers must be hands-on to make difficult decisions: allocate budgets, approve strategy, and select talent for each project. Just as important, the clients must be confident in their ability to provide the brand's artistic vision, like a great Broadway producer (see Figure 3).<sup>6</sup> When does it make most sense? When clients have a roster of best-in-class agencies aligned to specific roles or functional expertise. To orchestrate their agency productions, marketers will:

- **Elevate senior marketers with budget authority to play the role of executive producer.** This role is filled by marketers with strong skills in consumer insights and brand strategy, often complemented by agency-side experience. Additionally, the client should create two distinct leadership roles to oversee agency initiatives: 1) a brand steward who leads brand strategy and ideation, and 2) a marketing operations director who equips agencies to succeed. For instance, Dell leans on its line-of-business marketing managers to play the roles of brand steward. They have budget authority and set strategic direction, but they don't own agency operations. That role is filled by the agency management team, which creates tools and processes for agency orchestration — like inter-agency councils, agency onboarding, and performance feedback.
- **Assign a director to have oversight for each performance.** In the Broadway producer model, marketers appoint a single lead for coordinating implementation across agencies — but that resource could be a single person or an agency. For instance, Procter & Gamble has appointed lead agencies (i.e., Leo Burnett Worldwide and Saatchi & Saatchi Worldwide) within its Brand Agency Leader model to orchestrate integrated initiatives with other agencies (e.g., Digitas, Starcom). In another variation, Best Buy has created The Box — a hybrid agency that is part in-house resources and part agency resources across the WPP network, whereby Wunderman takes the lead to direct the performance. But in both cases, the client plays a significant role in orchestrating the production.
- **Reward all agencies for standing-ovation performances.** The challenge for marketers that rely on a lead agency model is to ensure that other agencies don't feel alienated and demotivated from the strategy. Using the Broadway producer model, marketers will have to rethink agency compensation structures. For instance, Procter & Gamble provides bonus incentives to every agency involved in a project's success so that agencies are motivated to cooperate, even if they don't get the chance to play the starring role.

**Figure 3** The Client Takes The Lead In The Broadway Producer Model



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Source: Forrester Research, Inc.

### The Jazz Improvisation Model: Unstructured By Design

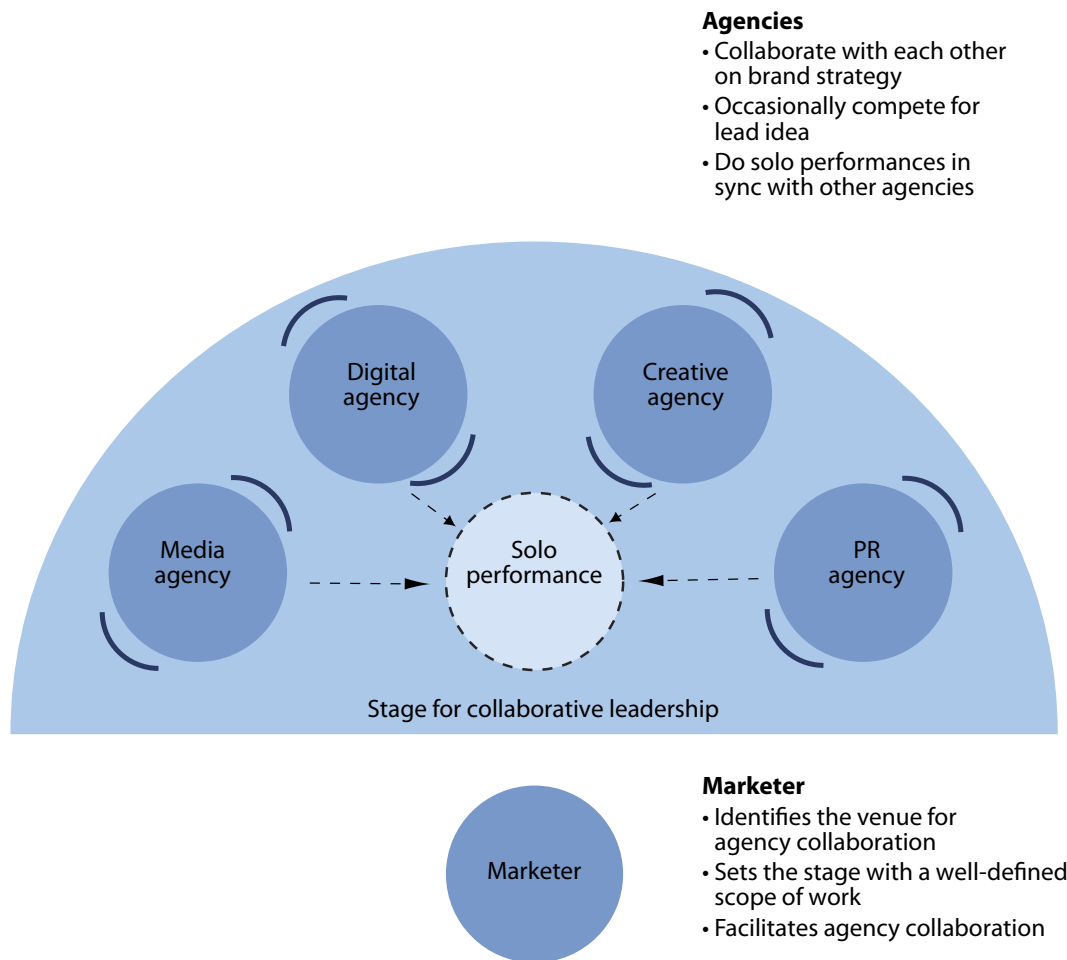
In this model, the marketer prefers that the agencies collaborate on ideation, while leading the implementation of their own respective discipline. The marketer plays the role of agency band manager by assembling an ensemble of agencies for a specific gig and letting them arrive at the best solution (see Figure 4). When does it make most sense? When clients use a roster of unaffiliated best-in-class agencies or when they have sporadic integrated project-based work. Learning from marketers like Kraft Foods and Coca-Cola that are becoming improvisational, marketers should:

- **Create a venue for agencies to jam together.** Marketers can't simply expect agencies to synchronize their talents without strong leadership from the marketer. Marketers like Kraft Foods have established an internal agency planning department to help lead strategy sessions between brand teams and their agencies. These two-day sessions bring every agency together to participate in the ideation phase, which helps them work together more effectively later on during the execution phase of the initiative.
- **Establish a lead arrangement so that all agencies know their parts.** Agency improvisation doesn't work without tightly defined scope of work and clear roles and responsibilities, which usually comes in the form of an energizing and inspiring briefing. The marketer may

take on more responsibility for leading agency briefings, like Kraft does with its planning department. Another example is Chevrolet, which is orchestrating more creative collaboration with crowdsourcing network Mofilm by having its lead creative agency Goodby Silverstein & Partners play an integral role in facilitating the briefing and final production of video assets.

- **Ensure that projects are harmonized for all agencies to stay in rhythm.** When using an improvisation model, marketers must keep agencies in sync. Some marketers use formal agency councils to coordinate cross-agency initiatives. For example, Dell established an agency leadership council to foster stronger collaboration between its corporate brand agency and three line-of-business agencies of record. Other marketers empower agencies to riff with each other, like Kraft Philly Cream Cheese. It brought its creative, media, and digital agencies (mcgarrybowen, Starcom, and Digitas) together to jointly develop an integrated campaign for the brand but relied on Digitas to harmonize the campaign digitally.

**Figure 4** Agencies Use Collaborative Leadership In The Jazz Improvisation Model



## MARKETERS MUST CREATE THEIR OWN ARRANGEMENTS FOR AGENCY ORCHESTRATION

Every marketer should seek out its own solution for a better model of agency orchestration. That might mean adopting one of Forrester's three models or creating a unique version that blends components of each model. The only way to figure it out is to try it out in practice. Like musicians rehearsing for a performance, marketers and agencies need to pick up new instruments, experiment with new genres, and try playing in new venues (see Figure 5). Regardless of the agency orchestration model that is implemented, marketers must still do three things to more successfully orchestrate their portfolio of agencies:

- **Set clear roles and responsibilities for all agencies.** Marketers need to be clear about why they hired each agency and make sure that every agency understands the part it plays in the band.
- **Own the agency relationship and keep it strategic.** Don't delegate the relationship with agencies to junior staffers. Agencies can be some of the most important contributors to the brand's success and to a marketer's own career.
- **Establish new roles for agency orchestration within the marketing organization.** Marketers will be well served by establishing two distinct roles for agency management: 1) brand stewards (senior marketers with vision for big brand ideas and budget authority to fund initiatives), and 2) marketing operations directors (resources who have agency management experience and cross-channel mastery to act as air traffic controller for agency collaboration).

**Figure 5** Find An Agency Orchestration Model You Can Dance To

	<b>Empowered orchestra model</b>	<b>Broadway producer model</b>	<b>Jazz improvisation model</b>
How consolidated is your agency portfolio?	<input type="checkbox"/> Highly consolidated; under a holding company or network agency	<input type="checkbox"/> Centralized under a full-service AOR or lead agency	<input type="checkbox"/> Roster of fragmented and mostly unaffiliated agencies
How complex are your marketing needs?	<input type="checkbox"/> Highly complex; lots of moving parts	<input type="checkbox"/> Complex but manageable	<input type="checkbox"/> Nothing that can't be solved with collaboration
What is the typical scope of work?	<input type="checkbox"/> 80% of work is anticipated 6-12 months in advance	<input type="checkbox"/> Campaigns and initiatives that require a high degree of planning and coordination	<input type="checkbox"/> Nothing typical about our assignments; mostly project-based
How important is it for you to have control over agency orchestration?	<input type="checkbox"/> Not important	<input type="checkbox"/> Extremely important	<input type="checkbox"/> Somewhat important
How important is it to have a lead agency?	<input type="checkbox"/> Important	<input type="checkbox"/> Critically important	<input type="checkbox"/> Not important at all
How important is it to give agencies freedom of artistic expression?	<input type="checkbox"/> Very important	<input type="checkbox"/> Not critical	<input type="checkbox"/> Very important; why we hired them

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Source: Forrester Research, Inc.

WHAT IT MEANS

**AGENCIES TUNE THEIR OWN MODELS FOR ORCHESTRATION**

While marketers are predominantly responsible for driving new models of agency collaboration and integration, agencies will create demand for their services by establishing innovative new ways of working together on behalf of common clients.

- **The agile agency model will become widely adopted.** One of the primary advantages of large network agencies — their scale — has also become an impediment. Marketers can't afford to sacrifice agility and speed for the sake of global reach. That's why traditional brand agencies, like JWT, are revolutionizing their internal processes and structures to function more like nimble entrepreneurs than a collection of agencies under command and control of the mother ship. Expect others in the large-scale agency establishment to borrow concepts from networked agency startups like co collective and Victors & Spoils.

- **Agency holding companies will establish global staffing models à la consulting firms.** WPP, Omnicom, and Publicis will experiment with a consulting-like staffing approach to their operations by leveraging their global scale and depth and breadth of expertise. Holding-company executives will be assigned client-level relationship ownership, much like consulting firm partners. Regional centers of excellence will be created to develop IP and proprietary tools and processes. And client teams will be assigned based on sophisticated staffing models that deploy the best-fit cross-functional talent to any given project, while managing any conflicts of interest between competitor clients.
- **Agencies that specialize in the conductor role will emerge as dominant players.** The task of managing and curating the expanding playlist of marketing assets around the globe is becoming a Herculean effort. Even marketers like Best Buy and Fidelity, which have built sophisticated internal agencies to manage complex marketing programs, realize that they need more outside help. To fill the void, conductor agencies will orchestrate strategies around the customer life cycle, not around specific channels or disciplines. Agencies with strengths in digital, direct, and media — like Wunderman, Rapp, and Digitas — will find themselves increasingly playing the role of conductor agency to help marketers harmonize multichannel initiatives.

## SUPPLEMENTAL MATERIALS

### Methodology

Forrester and Heidrick & Struggles conducted the Q3 2011 Forrester/Heidrick & Struggles Global Evolved CMO Online Survey of 191 organizations globally to evaluate the role of the CMO. Survey participants included decision-makers in CMO or senior-most marketer roles in the organization. Questions provided to the participants asked about required skill sets, strategic objectives, and personal development. The study began in August 2011 and was completed in September 2011.

In addition, we interviewed four CMOs from the healthcare, wireless, retail, and restaurant industries to supplement the survey findings.

## Companies Interviewed For This Document

AKQA	Harmon Industries
Aprais	Kraft Foods
Best Buy	Sprint
Dell	Target Brands
Digitas	TBWA
Edelman	The Wharton School, University of Pennsylvania
General Motors	Visa
Goodby Silverstein & Partners	WPP

## ENDNOTES

- <sup>1</sup> Source: Rick Kranz and Mike Colias, “Could GM’s Reviews Save Tens of Millions of Dollars? ‘More Than That,’ Says Ewanick,” *Advertising Age*, November 21, 2011 (<http://adage.com/article/agency-news/gm-review-save-tens-millions-ewanick/231105/>).
- <sup>2</sup> Agencies are battling over new digital services — particularly in social marketing — but also in mobile marketing, strategy, and customer insight. Essentially, all marketing services have become “digital.” See the May 27, 2011, “[How To Optimize Your Interactive Agency Roster](#)” report.
- <sup>3</sup> Twenty-eight percent of respondents said that their current roster of agencies help them adapt to the current marketing landscape, while the same percentage said that their current roster of agencies hinder them. Source: Q3 2011 Forrester/Heidrick & Struggles Global Evolved CMO Online Survey.
- <sup>4</sup> Aprais has collected more than 8,000 annual performance evaluations completed by both marketers about their agencies and agencies about their clients over the past 10 years.
- <sup>5</sup> Source: Rupal Parekh, “Sprint and Goodby Are Going Separate Ways,” *Advertising Age*, December 7, 2011 (<http://adage.com/article/agency-news/publicis-groupe-creates-team-sprint-goodby-account/231437/>).
- <sup>6</sup> Critically acclaimed director Mike Nichols, who has won all four major US entertainment awards (Oscar, Grammy, Tony, and Emmy) regularly attended performances of his original production of *Spamalot* to come up with new ideas to incorporate into the performance to keep it fresh and slightly unpredictable.

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