

The Right Brain Drain?



20 years ago there was a hot topic in marketing circles: Will management consultancies take the place of advertising agencies?

In November 1997 Campaign magazine published a feature under the title: 'I'm only a client but...'. It argued, from a client's perspective, that consultancies were confidently outclassing agencies in the boardroom, not just analytically and operationally but strategically in the area of brand planning. Above all, their professional credibility, outside the creative cloisters of the marketing department, was more widely appreciated, as was their ability to command robust fees for intelligence and intellectual guidance (without a creative execution in which to hide them—a traditional agency tactic).

Plus ça change! The topic seems as topical today as they did then. Given that the feature was mine, I thought I would look again at the subject with the benefit of 20 years' hindsight.

Of course, much water has passed under the marketing services bridge since then. The evolution of agencies (and the umbrella groups that operate them) has been steered partly by a quantum shift towards what has become known as 'digital' and partly by tighter client budgets, combined with higher expectations of cost-efficiency and accountability.

Are consultants eating the agencies' three-Martini lunch? ...while Don Draper queues for a Boots Meal Deal?

But while agencies may have become leaner, more serious and arguably less hedonistic places to work, they remain as focused as ever on

producing inspiring 'right brain' creative solutions from the pencils (now made by Apple) of the brightest creative talent they can hire. The days of the national TV network spot might have passed, but creative teams remain as ambitious and competitive as ever to make their mark and to win the admiration of their peers (formalised by annual industry jamborees in Cannes and elsewhere), agency 'suits' gush proudly to their clients who, in turn, glow with satisfaction as they mentally add another accolade to their CV and re-plot their career trajectory. The drama and emotion of this 'right brain' culture, whether by default or design, has remained a significant factor in differentiating agencies from their consultancy interlopers and may be the key factor in assuring their future survival.

The great cultural divide

In essence, the archetypal consulting mindset is set on adding demonstrable value through intellectual solutions that will direct, shape or reconfigure a business to meet its corporate objectives and, ultimately, enhance shareholder value. As Bain Consulting puts it: "our mission is to help management teams create such high levels of economic value that together we redefine our respective industries". Consultancies typically research and determine best practice then stress-test potential solutions to destruction before they are implemented—along with the performance metrics needed to monitor and demonstrate their impact. When the engagement is complete, it will become a case study on which future best practice is based. It will then be tagged and filed for global reference across the firm.

The agency archetype, by comparison, has licence to take a somewhat less empirically-grounded and more imaginative approach. In their quest to deliver emotionally-engaging creative solutions they are expected to demonstrate the courage of their convictions (rather than their analyses) and even champion seemingly uncertain solutions because they are 'exactly the big idea the client needs'—even if the client does not yet know it. When they get it right the impact can be game changing and the client's investment will be returned many times over. Or it may not.



An article in Forbes magazine recently claimed that ‘Consultants Are Eating The Agencies’ Three-Martini Lunch’. The analogy is evocative but I venture that a three-Martini lunch is about as alien to the cultural milieu of most consultants as a Boots Meal Deal would be to Don Draper. We might humour the metaphor, however, to illustrate the cultural contrast between consultancies and agencies. Suppose you were a marketing director intent on enjoying a bowl of lunchtime soup and that the choice was between a consultancy and an agency. The consultancy would be a bit like a dependably good, masterfully-blended soup from a reputable team of chefs at a decent establishment in a comfortable part of town. They know exactly what you came for, every ingredient has been certified, you get precisely what they promised and leave feeling confident that you got what you paid for and the cost was justified. The agency, on the other hand, would be the soup of the day from a highly creative, if slightly unpredictable, gastro boutique in an edgier part of town. The ingredients are artfully chosen and come together with varying degrees of success, there is rarely a dull moment in the kitchen and the the chef’s potential for culinary magic is legendary. On a good day you will be so enraptured that you’ll want to tell the rest of the world. On a bad day you just hope no one sees how much you’ve just paid.

The changing professional landscape

But times are changing. The gulf that once divided the two worlds appears to be eroding as the functional gap between their services is bridged. After years dipping their toes into the water consultancies are now jumping in with both feet. Whether they sink or swim is, ultimately, another story but there are some important reasons why their moment has come. Here are some of the key drivers for this:

1. The rising predominance of cloud-based enterprise software (Microsoft 365, Salesforce, Oracle, etc.) has meant that technology-focused consultancies (notably Accenture, IBM, Cap Gemini, etc.) have seen a steady shift in client focus away from the analysis and management of client systems towards the implementation of e-commerce solutions and the provision of digital content and services.
Impact: agencies experienced in developing the digital content needed by clients have become irresistible targets to consultancies keen to integrate these functions into their client offering.
2. Marketing chiefs no longer see traditional communications channels as stand-alone activities, rather they are integrated into a spectrum of activities virtually all of which, from data analysis to customer relationships, are now managed and tracked digitally. In fact they are equipped like never before to track the returns on every marketing

investment, at every stage in their customers' journeys from a galaxy of digital communications platforms and applications to traditional broadcast media. Perhaps still more seminal is the enhanced ability to pretest creative concepts which can now be more quickly, accurately and economically rendered and assessed before they are rolled-out. This helps dispel some of the agency world's traditional mystique and reduces the client's former dependence on an agency's 'black box' of experience and intuition for creative counsel. As the obstacles to integrating an agency's activities into the rest of the marketing programme are overcome, so the reasons not to incorporate these activities into an integrated portfolio of services that the consultancy can manage, also fades.

Impact: Consultancies are already measuring and managing all manner of wider digital activities for clients. Now that marketing communications activities have become easier to integrate it would seem illogical not to do the same with them.

3. Most client organisations need to be able to think and act with ever more seamless global integrity. The major consultancy groups are equipped to deliver client services of a similarly global nature with operations that are consistently and systematically coordinated, have low internal inertia and which complement the needs of their clients. Most agencies, if they have an international network at all,

are rarely consistent across them and, in many cases, comprise a patchwork of variable local capabilities held together by a squirts of corporate glue from the parent group. If a consultancy could credibly extend its offer to include high-quality, strategically-aligned and creatively-consistent communications solutions as part of its global service, it would have an extremely compelling client proposition.

Impact: Global clients looking for properly-integrated global solutions are driving consultancies to find ways of incorporating the services currently provided by various local agencies, networks and groups.

4. Perhaps one of the qualities most highly sought in business over the past decade or so has been 'innovation'. A McKinsey study reported that 70% of senior executives rated 'innovation' among the top three drivers of growth for their companies. It is, by definition, the act of finding new ways of doing things, seeking fresh perspectives and novel approaches. Being innovative, essentially, means harnessing creativity. Consultants instinctively analyse, research and interrogate to determine best practice proven by precedent. Agencies do the opposite, they intuitively generate inspiring new ideas that could never have resulted from deductive analysis. In fact, so inspiring are some of their best ideas that, even though they might not strictly answer the brief, they are simply too good not to be used.

Which begs the question: would a client wanting an innovation workshop be better served by a lamentation of left-brain consultants or a radiance of right-brain agency types? Yet it is consultancies who are often tasked to address the need for business innovation. By acquiring more right-brain resources they could become cerebrally ambidextrous—the best of both worlds.

Impact: Consultancies are keen to access the kind of creative and intuitive thinking that agencies have always mastered. They can leverage it across a range of business services and they know their clients will pay for it (NB: they can also package it considerably more profitably than an agency could).

- ▶ Cloud-based solutions are driving change in the consultancy offering
- ▶ Marketing chiefs need better managed and more integrated creative services
- ▶ Brand owners want globally-coherent strategic thinking and consistent implementation
- ▶ The relentless quest for innovation demands more creative thinking

Little wonder that Anatoly Roytman, MD of Accenture Interactive for EMEA, was recently reported as saying that he wanted Accenture to become the world's biggest digital agency, adding that: “CMOs have to think about more than advertising and communications in a connected world that is going through digital transformation... brands need an agency to manage the whole consumer experience and every touchpoint along the way, from the inception of an idea to developing and designing a product, building awareness and then selling and distributing it... Accenture Interactive can be this new breed of shop... we are close to being able to do the entire spectrum”.

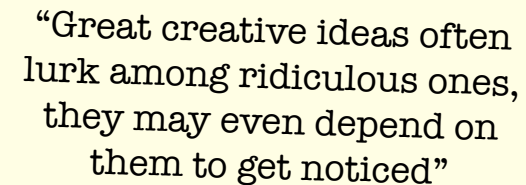
But it is not a one-way street. Agencies, too, have much to gain from joining forces with consultancies. Most notably the promise of C-suite credibility which has long blighted agencies' client standing, from this comes the opportunity to influence the strategic thinking that leads to the brief and the potential to leverage this to climb out of the tightening marketing implementation niche into which they have allowed themselves to be squeezed. Recent revelations about major FMCG cut-backs will intensify the imperative to find solutions. In such circumstances long-held objections to partnering with consultancies might give way to the need for change to survive.

So is it just a matter of time before marketing services agencies morph into divisions of management consultancies?

It would probably look that way through the lens of a consultancy. From their perspective it would appear to be a logical progression, with all the concomitant cost-saving, efficiency benefits and growth opportunities. Indeed, rumour has it that Accenture has already made overtures to WPP with potential collaboration, perhaps even a merger, in mind.

The fly in the consultancy soup?

Creativity (unlike the analytical prowess, intellectual horsepower and rational analysis that we associate with 'left-brain thinking') is a uniquely fickle human talent. To thrive it needs nurturing and encouragement. Great creative ideas often lurk among ridiculous ones, they may even depend on them to get noticed, they can come from the most unexpected places and might only snap into focus after other, more promising-looking ones, have been eliminated. Creative agencies are built around incubating them, it is their *raison d'être*. They indulge artistic temperaments, giving them licence to navel-gaze for days with nothing to show before finally, all being well and often at the eleventh hour, they are presented with something that brings a tear to their eye (preferably in a good way). Consultancies, for all their extraordinary capabilities in adding structural value and implementing outstanding solutions across the rest of the client's business, simply cannot and never will work this way.

A yellow rectangular box with a thin black border and a slight drop shadow, containing a quote in black serif font.

“Great creative ideas often lurk among ridiculous ones, they may even depend on them to get noticed”

Their engagements are well-planned, their time carefully monitored and their thinking critically appraised while their deliverables are tested and quantified (and rarely cried over). To incorporate more 'right-brain' thinking into their offering would mean being willing to embrace a fundamentally different management approach to sustain it. The evidence suggests that if it were that straightforward it would probably have happened years ago and agencies would be a legacy of the past. Anecdotally, it has been suggested that those agencies that have joined consultancy groups gradually take fewer creative risks and start to become more like their owners.

We have all seen, heard or read about creatively-inspired boutiques, studios, restaurants, musical instrument makers, luxury goods manufacturers, car makers, et al, who have been taken under the wing of well-meaning, if over-ambitious corporate parents promising to improve and expand them, only to see their creativity stifled by management incompatibilities and their creative lifeblood drained away. Yes, it can sometimes work, but often it does not. The challenge of creativity, then, lies in the culture.

It's the culture stupid

As WPP's Sir Martin Sorrel recently commented "it is much harder to scale creative than technology... one is more science and one is more art". Creative thinkers need the right conditions to be fruitful and rarely blossom in a rigid, results-driven culture like that of most consultancies. Sorrel knows that maintaining a positive agency culture is a prerequisite to getting the right results, hence his strategy of 'horizontal' (encouraging independently-managed agencies across WPP to work together as one). The emphasis here is one of lateral cooperation (which preserves autonomy and creative integrity) rather than vertical control (which would impose restrictions that would stifle creative thinking). Contrast this with the stance of Accenture's Roytman who is reported to have said that: "[agency holding companies] have got a big, big challenge. To ensure you have the correct set-up, when you have so many [agency] brands that are not collaborating, that are not integrated, it's very difficult. They have to collapse themselves and create one P&L". This kind of rationalisation sounds eminently practical for a manufacturing or distribution empire, but could risk compromising the cultural sensibilities on which agencies depend.

Of course agencies can and must be rationalised and merged from time to time, but to do this fruitfully often involves a measure of ego-massaging, personal assurances

"...one of the reasons why the most creative agency groups have the most complicated structures is because they have evolved around the creative talent that lays the golden eggs which hatch into remarkable solutions"

and face-saving title-aggrandising if more is to be gained than lost by the disruption. Even WPP, which is well practiced in such change, handles agency rationalisation with caution: "To make an omelette, you have to break eggs and I think you risk breaking too many" said Sir Martin after coming under pressure to be more radical in rationalising the agencies in his group. The functional and systematic approach typically taken by most consultancies' would probably break as many eggs as necessary to arrive at the structure deemed to be most efficient—it would also be less likely to take account of the soft needs of particular talents on which the future value of the agency relies.

Maybe one of the reasons why the most creative agency groups have the most complicated structures is because they have evolved around the creative talent that lays the golden eggs which hatch into remarkable solutions. Rationalising them into high-efficiency creative delivery systems might be the equivalent of turning them into creative battery farms, which may indeed be more productive in churning-out eggs but, to borrow Mr Sorrel's analogy, it is likely to result in a very large, but bland and forgettable, omelette.

Nurturing a creative culture

Creative agencies are not unique in their need to nurture the creative talent that becomes lifeblood of their future success. Innovation is at the heart of companies like Google, Apple, Starbucks and Dyson, all of which have been eager to resolve the cultural incompatibilities between running a systematically-planned, international operation—with all the control needed to maintain corporate efficiency—while also fostering a creative environment that values and rewards creativity. Each has invested heavily in developing distinctive solutions, from physical space (Jonathan Ive's Apple Park circular campus in Cupertino: "the most creatively inspiring office building in the world") and cultural environment (Google has been fostering links between its new London operation in Kings Cross and the neighbouring Central St Martins School of Art to be in: "one of the highest concentrations of brilliant, creative people in London") to developing a corporate mindset willing to take risks on potentially ruinous new product initiatives (Starbucks closed down 7,100 stores to retrain its baristas and ran a 'Tweet-a-Coffee' promotion offering free coffees to customers' friends, or Dyson's 'Animal' cordless, bagless, vacuum cleaner which launched at more than twice the price level of its established competitors). They work hard to break down rigid internal structures to accommodate smaller operating units with greater freedom to explore new ideas without the distraction

"It is not just agencies that are driven to nurture the creative talent on which their future success depends. Innovation is at the heart of companies like Google, Apple, Starbucks and Dyson..."

of short-term financial imperatives. The antithesis, you might think, of a consultancy culture where the norm is to rationalise everything put it into one P&L. Just to be clear, some of my best friends are consultants and consultancies are where some of the most intelligent and capable people I have ever worked are to be found. But they are different horses for different courses than agencies.

As Rory Sutherland of Ogilvy recently quipped: "The most vital thing in an ad agency, is that you have a culture where its okay to fail, a culture wherein you can make stupid suggestions and still get promoted". Perhaps consultancies will, one day, create and sustain such a work culture. Only when, and if, that happens will agencies be a thing of the past.



Keith Lucas

MA, DipCAM (Hons); DipM, FCIM



Founder and Managing Director of Lucasbrand, a UK-based strategic brand consultancy with a diverse international client base. Lucasbrand typically connects at a senior level with firms looking for a fresh perspective on reputation, corporate personality or brand strategy. Its professional expertise and proprietary skills have added significant value to the businesses of many clients.

Brands with which Keith Lucas has personally been engaged include: BBC, Rolex, BAA, Discovery Channel, Firmenich, Farrer & Company, Reed Elsevier, BP, Ford, Jaguar, Citroën, McKinsey & Company, Goldman Sachs, Towers Watson, BT Global Services, Hitachi, Samsung and Motorola.

Lucasbrand has created, developed and repositioned brands across many sectors including broadcast, publishing, airlines, airports, luxury goods, perfumery, telecoms, cars, energy, consumer electronics, professional services and banking.

To find-out more, contact Keith Lucas directly:

Website:	http://www.lucasbrand.com
Email:	keith.lucas@lucasbrand.com
Telephone:	+44 1494 442 122 / +44 7747 756 116
Blog:	http://www.blog.lucasbrand.com
LinkedIn:	http://www.linkedin.com/in/keithlucas
Skype:	keithlucas
Twitter:	keithlucas