

# Is creativity valued?

And if not, how should it be?

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facilitated by

Darren Woolley, TrinityP3

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# Is creativity valued?

*“Value is what people are willing to pay for it.”*

- John Naisbitt

# How is creativity valued now?

- Fees based on:
  - Head hour rates.
  - Project fees based on resource and head hour rates.
  - Retainer based on resource and head hour rates.
  - Percentage of media spend as commission.
  - Other methods.

*“You don't get paid for the hour. You get paid for the value you bring to the hour.”*

- Jim Rohn

# Why are these not working?

- The problems with paying for creativity this way are:
  - Clients pay more for administration, management and production than ideas.
  - Concepts, ideas and creativity are therefore undervalued.
  - There has been the rise of procurement in marketing.
  - Resulting in a constant downward pressure on head hour rates/costs.
  - Therefore agencies are not paid for the value they create.

*“Creativity is allowing yourself to make mistakes. Art is knowing which ones to keep”.*

- Scott Adams

# What are the consequences?

- The current methods for remunerating agencies for creative ideas will:
  - See continuing falling margins for agencies.
  - Make it more difficult to recruit and develop new talent.
  - Make it difficult to retain existing expertise and talent.
  - And .....

*“These days man knows the price of everything, but the value of nothing”.*

- Oscar Wilde

# Where does creativity & commerce combine?

- Other categories where creativity and commerce combine are:
  - Motion Pictures
  - Television
  - Photography
  - Visual Arts
  - Music
  - Architecture
  - Performance Arts
  - Theatre
  - Literature / Publishing
  - Other

*“What we obtain too cheap we esteem too little; it is dearness only that gives everything value.”*

- Thomas Paine

# What can we learn from these categories?

- **How do they get work?**

Identify all of the creative roles in the category and how they are appointed – eg. actors, directors, producers, screenwriters.

- **How do they get paid?**

Explore all of the different models that you know of and identify in what circumstances they are used.

- **How is the deal done?**

It is not just how the deal is done, but who does it, what their motivation is and how successful it is.

- **What lessons are there for the advertising industry?**

# Example: Actors

- **How do they get work?**
  - Casting agents put forward actors for roles, who then audition.
- **How do they get paid?**
  - Depending on the marquee value of the star, either negotiated fee, some a share of box office, lesser known actors on day rates.
- **How is the deal done?**
  - Agents negotiate the deal on the basis they get up to 30% of the fee as commission.
- **What lessons are there for the advertising industry?**
  - Agents, share of value, negotiated fee based on value, not head hours.

# What can we learn from these categories?

- Let's look at each of these categories:
  - For your category answer the 4 questions posed based on your existing knowledge.
  - Look for the lessons we could translate into the way creativity is valued and paid.
  - You have 30 minutes to work through the questions as a group.
  - Then each group will present their findings.
  - Have fun.

# What did we learn from these categories?

- In most creative fields the creative people are represented by an agent who negotiates their fee and is incentivised by commission.
- Creativity is a product and not a service and it is priced that way in almost all areas of commerce.
- Creative people take ownership of their ideas and protect their value through legal processes such as copyright, trademarks and patents in a way which reflects the value of the creative product.
- In most creative fields they have a defined value proposition which is measured and valued based on the ROI.
- Creative categories and creative people that are perceived as undifferentiated are seen as a commodity and become price sensitive. Those that are highly differentiated command a premium.
- Many creative people differentiate themselves through reputation management to command a premium in the market place.

# What is an idea and what is its value?

*“An idea that is not dangerous is unworthy of being called an idea at all.”*

- Oscar Wilde

# What can we use to value advertising creativity?

- Create differentiated offerings in the market through reputation management to avoid being price sensitive commodities.
- Develop clear and well defined value propositions for what you do.
- Look for ways to link remuneration to the value proposition and return on investment and not just based on the cost of delivery.
- Price creative ideas and concepts as products and move away from the services models of head hours. (Note: production supervision in architecture uses a percentage of the project cost for this.)
- Negotiate agreements with advertisers like you are a “Hollywood” agent. Don’t give it away, but value the product you represent.
- Use legal processes for IP protection as a way of demonstrating the value of the idea, rather than simply locking the idea up.

And remember...

*“An idea that is developed and put into action is more important than an idea that exists only as an idea.”*

- Buddha

# Thank you

TrinityP3 Pty Ltd

Hong Kong

+852 3589 3095

Singapore

+65 6884 9149

Sydney

+612 8399 0922

Melbourne

+613 9682 6800

New Zealand

+64 4 801 6644

[people@trinityp3.com](mailto:people@trinityp3.com)

[www.trinityp3.com](http://www.trinityp3.com)