TOP 50 MARKETING MANAGEMENT POSTS OF 2013

DARREN WOOLLEY

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MARKETING MANAGEMENT POSTS OF 2013

trinity P3

TrinityP3 Strategic Marketing Management Consultants have been solving problems and building better relationships between advertisers and their agencies for more than a decade now. They assist marketers, advertisers and procurement with agency search & selection, agency engagement & alignment and agency monitoring & benchmarking to ensure the maximum efficiency and effectiveness of their advertising and marketing budgets.

The TrinityP3 blog is where they share their observations, ideas and insights on how to achieve greater marketing performance. It can be found at http://www.trinityp3.com/blog

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The Authors

Darren Woolley is the Founder and Global CEO of TrinityP3 – Strategic Marketing Management Consultants[1], and a founding member of the Marketing FIRST Forum[2]. He is also called a Pitch Doctor, Negotiator and Problem Solver, in addition to being an ex-Scientist, ex-Creative Director and a father of three. And in his spare time, he sleeps.

Stephan Argent is a former agency planner from England who has held senior roles in agencies in Canada and the United States. Most recently he was Vice-President of Digital Media at CTV and is now President of The Argedia Group[3], helping clients find ‘agencies for the digital age’.

Mike Morgan is a co-Founder and Director of High Profile Enterprises[4], a New Zealand–based SEO consultancy. Mike has been collaborating with TrinityP3 on an integrated search engine optimisation, social business and content marketing strategy since early 2011.

Shawn Callahan is a pioneer in the application of story methods to business. He has helped some of the world’s top companies, including IBM, Shell, AMP and KPMG, to inspire lasting change and make sure their company values really stick. He regularly publishes his world-leading ideas on anecdote.com, one of Australia’s most visited blogs.

Andrew Armour is the MD and Founder of Benchstone Limited[5], and the creator of the Collaboration Cafe and Marketing Cafe programs. He is a consultant who specialises in marketing collaboration, partnerships and innovation.

Esther Selvanayagam is a Chartered Accountant with over 15 years’ experience, largely in the marketing and media sectors. Her market knowledge and industry credentials are second to none, with her most recent role being CFO for the International Division at Photon Group (now renamed Enero Group). Esther has the commercial and marketing expertise to help TrinityP3 clients achieve their maximum growth potential.

Craig Hodges is the Founder and CEO of King Content[6], Australia’s most awarded digital content marketing agency. Craig has more than 20 years' experience in the content industry. He worked in magazines, publishing, internet radio and web development before embracing his true passion – digital content marketing.

Nick Hand is a commercial specialist who is proficient in client/agency remuneration and contract negotiation, business strategy and process change, financial information systems and IT, M&A, and key financial indicator reporting and analysis.

Jon Bradshaw is the director of brand traction[7], a marketing consultancy for the modern age. He has over 20 years' experience in marketing and brand building … none of which is of any use anymore.

Jon Manning is the Founder of and Principal Consultant at Sans Prix[8], a management consulting firm that helps companies monetise the value of their products and services with smarter, value-based pricing strategies. Jon is also the entrepreneurial mastermind behind Pricing Prophets[9], the world's only online pricing advisory service, where companies can ask a panel of global pricing experts and thought-leaders what price to charge for a product or service, and why.

Nathan Hodges, TrinityP3's General Manager, applies his knowledge and creativity to the specific challenges of marketing management, with a particular focus on team dynamics and behavioural change. He is a HBDI Practitioner and an experienced facilitator and coach.

Footnotes

1 trinityp3.com

2 m1f.org

3 argedia.com

4 highprofileenterprises.com

5 benchstone.co.uk

6 kingcontent.com.au

7 brandtraction.com.au

8 ans-prix.com

9 pricingprophets.com

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Introduction

When I look back on the very first post on the TrinityP3 blog, written in April 2006, it makes me realise how far we have come. Not just me personally and professionally, but also the company.

We were known simply as P3 then and had yet to expand the business into Asia. Of those first posts, some are simply observations, tips or advice on the subjects of the day. And the erratic frequency of posting also demonstrates a lack of discipline. Boy have we come a long way.

Today, the TrinityP3 blog has more than 600 posts covering a wide range of marketing management topics. It is read by more than 8000 people each month, a number that has grown more than 300% in the past three years. And the blog has gone beyond Australia and New Zealand to spread across the globe, attracting regular readers on every continent.

For the past two years we have been tracking the more popular posts, both in readership and social sharing, to understand the audience's interests and the market trends. Interestingly, two posts[1] based on this monitoring of trends made the top 10 this year.

In fact, it was this analysis and the interest in the content that gave rise to the idea of publishing the most-read posts together, sharing them as one work with the wider community. And so we have compiled a list of this year's 50 most popular blog posts based on readership.

The topics range from our interpretations of the big news stories this year, such as the Publicis–Omnicom merger announcement and the increasingly complex issues facing the media industry, to advice and industry practice concerning SEO, SEM, content marketing and digital media, to discussions on creating collaborative working environments and insights from our consulting projects on agency search and selection, agency compensation and roster alignment.

To prove that great content never gets old, not all of the top 50 were published this year – some of the posts are from 2010. The best content is almost timeless. In fact, we see the readership grow as more people discover and share past posts with friends and colleagues. One of these is the number-one post, 'Three ways to make sure that social media expert is really an expert', which was the subject of more than 300 tweets and almost 200 shares on LinkedIn, as well as lots of comments.

Most gratifying is the number of highly respected and influential guest authors we have in the top 50. In the early days, most of the posts were written by me and the other consultants at TrinityP3. Now we have contributions on storytelling, strategy and collaboration from Shawn Callahan (Anecdote), Craig Hodges (King Content) and Jon Manning (Sans Prix, Pricing Prophets), plus marketing perceptions from Jon Bradshaw (Brand Traction) and great insights on innovation, creativity and collaboration from Andrew Armour (Benchstone Limited).

There are many people I want to thank for putting this book together, including all of the authors. From TrinityP3 there is Nathan Hodges, Nick Hand and Esther Selvanayagam. There is Mike Morgan, who has been instrumental in our SEO, social media planning and content authoring. Stephan Argent is a good friend and a fellow founder of the Marketing FIRST Forum. Then there are our friends and colleagues, including Shawn Callahan, Andrew Armour, Craig Hodges, Jon Bradshaw and Jon Manning.

Thank you to Paul Smitz for sub-editing and proofing to make us all seem a little more intelligent. Thank you to Georgia Suttie for design and production management and Brigitte Charron for finished art. Thank you also to our printer, Impact Digital.

And a big thank you to all of our clients at TrinityP3. It is through your engagement that we are able to provide greater insights and share trends – to help, in some small way, improve the advertising and marketing process for all.

Thank you also to all of the readers, commentators and those who share our content with others.

This is the best of 2013. We look forward to writing and publishing more posts in 2014 to justify a revisit.

Thank you.
Darren Woolley, Founder and Global CEO, TrinityP3

Footnotes

1 See post 3 titled ‘12 trends in strategic marketing management for 2012’ of this book. Also see post 4 titled ‘10 trends in strategic marketing management for 2013’.

POST 1

Three ways to make sure that social media expert is really an expert

Posted 7 December 2012 by Darren Woolley

Over the past 12 months, social media experts have been coming out of the woodwork, turning up at industry conferences to espouse their ideas on social media strategies. In fact, just last week in Sydney, of the 10 speakers at an industry forum on social media, two admitted to not really understanding social media because they did not use it, and six others had no Twitter account (not that I could find) nor any other obvious sign of social media authority.

Earlier this year I went to an industry function whose keynote speaker was a brand marketer who had recently begun consulting on building brands using social media. A quick check showed they had less than 200 Twitter followers and a Klout[1] score of 16. (Klout is one measure of social media authority. Others are Kred[2] and PeerIndex[3].)

Contrast this with a social media conference I attended in the US where not only did the organisers provide a hashtag, but every speaker had their Twitter name on the program so you could check their Klout, Kred or PeerIndex score.

This raises an important question. When you are reading about, listening to or watching someone who is telling you all about social media, how do you know if they are everything they say they are?

Well, here is a quick step-by-step way of determining someone's social media authority, provided by Mike Morgan[4] (@meetmikemorgan[5]; Klout Score 60) at High Profile Enterprises[6].

Step 1: Load Rapportive

Set up a Gmail account and install Rapportive[7]. Rapportive will give you a run-down of the person's social media profiles – LinkedIn, Facebook and Twitter – which you can visit with a click even if the profile doesn't use their actual name. It also gives the person's position and organisation. All you need is their email address – try 'their name@their company dotcom'.

Here are the metrics to look at:

- Twitter – number of followers, tweets and interactions; frequency of use
- LinkedIn – number of connections; frequency of content updating and interaction
- Facebook – look for business pages as well as a personal page; number of fans; level of interaction

Step 2: Do a vanity search

Type the person's name into Google. If they have a common name, add a modifying word based on what they do; for example, 'Darren Woolley social media'.

Look at whether the front page for their own name is dominated by trade press, their own website/s or social media profiles. Also, do they have a blog, and if so, how often is it updated?

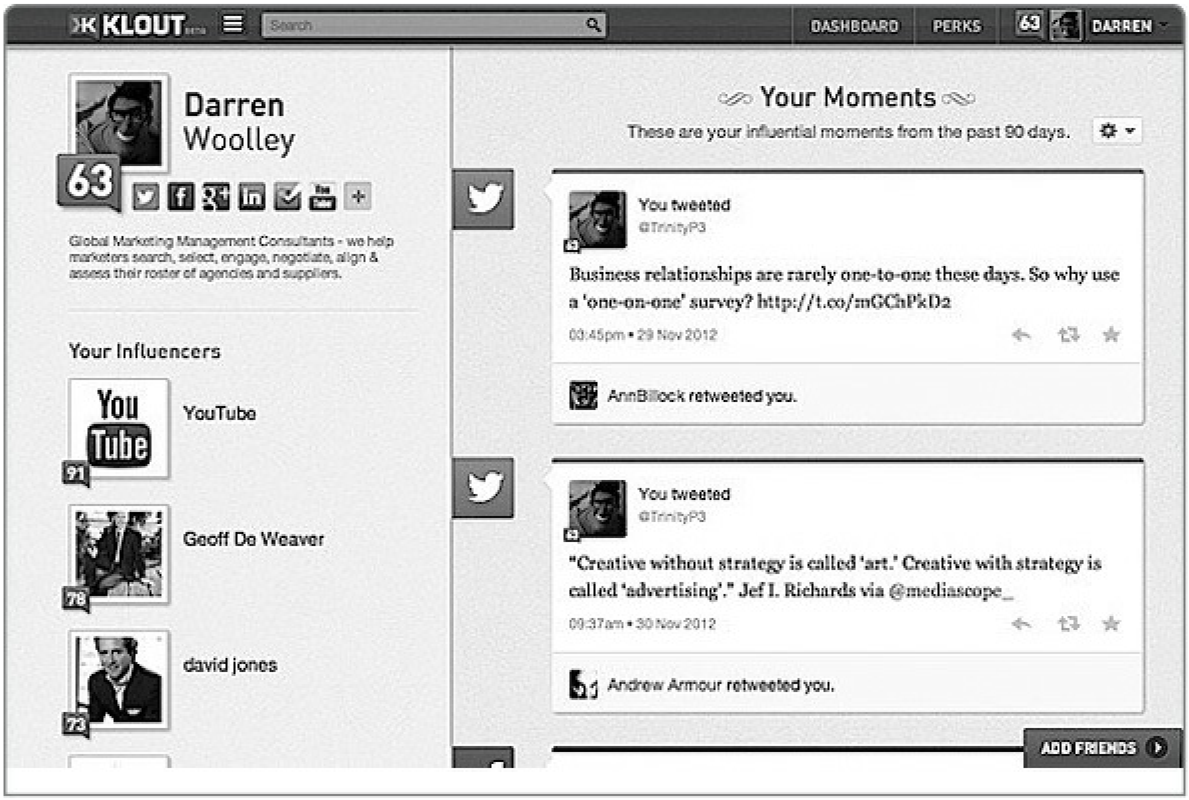
Step 3: Check out the influence measurement

Look at the person's Twitter name on social influence services (if they are not on Twitter, they are not on social media). You will have to connect your Twitter account to look for these:

- Klout – anyone calling themselves a social media speaker should have a minimum score of 50
- Kred – minimum score of 650
- PeerIndex – minimum score of 50

Many speakers are challenged by the thought of a measure of their authority to speak on social media. But with so many people purporting to be social media experts, I think it is important to be able to gauge the authority with which they can make that claim.

As an interesting footnote to this, in November 2012, Forbes published an article on the social media authority of CMOs in the Fortune 100 companies[8]. What they found may or may not surprise you: only 12 CMOs had a Klout score of more than 30 and 76% had no Twitter following.


KLOUT
Search
DASHBOARD
PERKS
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DARREN
Darren
Woolley
63
Global Marketing Management Consultants - we help marketers search, select, engage, negotiate, align & assess their roster of agencies and suppliers.
Your Influencers
YouTube
91
Geoff De Weaver
78
david jones
73
Your Moments
These are your influential moments from the past 90 days.
You tweeted
@TrinityP3
Business relationships are rarely one-to-one these days. So why use a 'one-on-one' survey? http://t.co/mGChPkD2
03:45pm • 29 Nov 2012
AnnBillock retweeted you.
You tweeted
@TrinityP3
"Creative without strategy is called 'art.' Creative with strategy is called 'advertising'." Jef I. Richards via @mediascope_
09:37am • 30 Nov 2012
Andrew Armour retweeted you.
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Tweet
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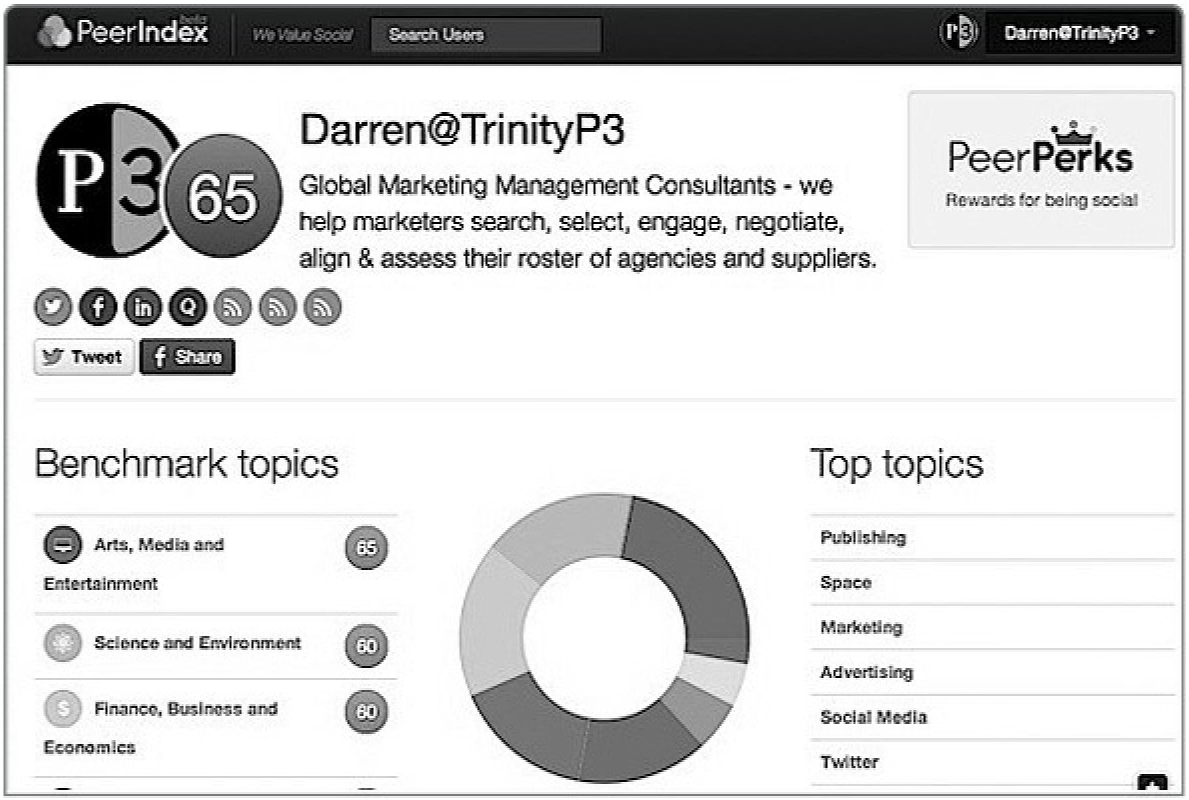


Footnotes

1 klout.com

2 kred.com

3 peerindex.com

4 nz.linkedin.com/in/meetmikemorgan

5 twitter.com/meetmikemorgan

6 highprofileenterprises.com

7 rapportive.com

8 forbes.com/sites/markfidelman/2012/11/29/the-top-20-social-cmos-of-the-fortune-100-visuals

POST 2

Defining the scope of advertising agency services to determine compensation

Posted 7 September 2011 by Darren Woolley

Think of the marketing plan as the blueprint for a construction of some sort – after all, we do refer to it in the same breath as brand building, so the metaphor seems appropriate. Now in planning for this structure, we need to take into consideration its end use (objectives), style (brand personality) and budget.

Clearly, the plan will determine the scope of work, which will determine the tasks to be undertaken, which will determine the level and type of resources required. Throw in the materials (production) and the whole mix will then determine the overall cost. Seems simple enough.

Yet defining the scope of work can be a difficult, almost Herculean task for some marketers. The typical problems are as follows:

1. *The marketing plan does not currently exist* (no plans, no approval)
2. *The budget is unconfirmed or keeps changing* (someone has deep pockets)
3. *The details of the marketing plan are unclear* (someone is being indecisive)
4. *The requirements are defined by the business, not marketing* (the marketer is merely the architect and the real client is somewhere else)

Let's look at some of the ways in which the scope of work can be effectively developed.

Defining the scope of work by budget

If an allocation has been made to advertising and promotion within the marketing budget, then this can be compared with the previous year's budget. Media versus non-media spend can be factored into the equation and a proportion of the budget allocated on the basis of the variation on the previous year's resource plan.

While quite simple, this is based on the fact that many agencies work out revenue projections based on the advertisers' proposed spend along the lines of the traditional commission for media agencies or the extraction rate for creative agencies.

Defining the scope of work by deliverables

While the budget or proposed spend can define a basic volume of work, it does not take into consideration the complexity of that work, which can impact significantly on the resources required. Only by developing a marketing/advertising plan and projecting the type of deliverables required can you begin to formulate a detailed scope of work from which an agency can fashion a resource plan.

Even in the media space, a number of small campaigns can be more resource-intensive than one major campaign. In addition, online media planning and optimisation consume significantly more resources than the average traditional media campaign.

In terms of creative work, allocating deliverables (TV, online, mobile, press, magazine and so on) based on previous campaign requirements can provide more insights than having no scope at all.

Defining scope of work by strategy

If trying to lock in the deliverables proves too difficult or constraining, try defining the strategic requirements by brand or category. Now develop the scope of work based on past requirements and remuneration for similar strategic deliverables.

This could be defined in a number of ways, such as 'new product launch' or 'tier 1, 2 or 3 activity' or 'maintenance'. Each of these would then be related back to a previous, similar activity and the remuneration paid to the agency. This obviously requires a certain level of transparency concerning past costs.

Managing changes to the scope of work

When marketers are unable to provide a defined scope of work, a move is often made to secure an ‘all-in’ remuneration model. We call this the ‘all-you-can-eat model’ because typically it becomes a feeding frenzy, where agency services are consumed until the resource allocation runs out.

This may appear to be an easy solution. But the problem is that without an initial base scope of work, if the work outstrips the resources covered by the remuneration level, a conflict will quickly develop between the agency and the advertiser – despite the best intentions of both parties. If you have no scope of work and the agency is not complaining about the level of remuneration, it could be that the amount is about right, or possibly much higher than required.

For marketers in this situation, TrinityP3 has developed the Scope of Work Calculator. This allows us to monitor the scope of work delivered by an agency and adjust the fee going forward to reflect any change in the agency’s outputs. With our input, the tool has been further refined by TBWA, who refer to it as the Scope Manager system[1].

Footnotes

1 youtube.com/watch?v=MmfxLrCVTKs

POST 3

12 trends in strategic marketing management for 2012

Posted 23 January 2012 by Darren Woolley

The year 2012 will be dedicated to solving the conundrums of marketing complexity. The world is in a now-familiar state of uncertainty, with debt crises, stagnant established markets and emerging growth markets, and ongoing pressure to deliver increasing returns. In the face of increasing fragmentation and complication, marketers will need to develop more flexible responses to deal with the challenges confronting them.

1. Chasing growth and maintaining share

Global marketers are looking for growth in emerging markets, often funding such investment at the expense of maintaining their existing markets. Getting the right balance between the two approaches is crucial. Underinvesting in the established markets opens up opportunities for competitors, which can erode the funding required to penetrate the growth markets.

2. Knowing as many customers and as much about them as possible

Customers are no more diverse than they were before. It’s just that now they have a voice and the power of numbers. Before, marketers could treat customers as an amorphous group or segment. But now the individuals within these groups can and do connect, and then flex their collective muscles. The dilemma this year will be how to continue to reach the masses while at the same time connecting with individuals in the desired way.

3. Matching, making and managing channels

Everyone talks about owned, bought and earned media as if they’re easily managed. But marketers struggle to get the balance right. Some favour going for reach with the traditional bought media, with little budget left for investing in owned and earned media, while others invest in owned and earned media to achieve greater engagement, but at the expense of reach. In 2012, a 'test and learn' strategy will provide some much-needed equilibrium[1].

4. Working globally and locally

The idea of the global village is now a reality thanks to almost universal internet connectivity. But it is still a village of numerous sub-communities and great diversity. This is problematic in that what multinational marketers do in one market is shared across all markets. In 2012, there will be an increasing need to have a consistent global strategy with aligned and localised implementation.

5. Having customers 'do' or 'know'

Traditional advertising has long been focused on awareness. But what must follow on from awareness is engagement. 'Tell me how' is one thing. 'Show me how' is another. But ultimately it comes down to 'Let me do it for myself' – that's engagement. The difficulty for marketers lies in deciding how much to invest in driving awareness and engagement to meet expectations.

6. Small ideas or a BIG idea?

Typically, you load up your advertising with a big idea, you aim it at the target audience, and you fire. And you keep firing until you run out of ammunition (which in this context means budget). But now, fragmented target audiences require a more granular approach, whereby an ongoing 'test and learn' process is replacing the old campaign model. Currently, most marketing strategy (as well as its funding and execution) is campaign-driven, so 2012 will be a year of transition.

7. Mobile for reach or engagement?

The question isn't whether or not to go mobile – any brand that wants to engage customers needs to think mobile, the main internet access provider in emerging markets. The real question is how to go mobile.

With so many opportunities for reach, too many marketers have failed to use mobile for awareness or have achieved only nominal success in using mobile for engagement. But in 2012, that will change.

8. Collaboration or alignment?

To embrace complexity requires collaboration both within and across engaged organisations. This collaboration requires alignment[2]. But alignment with what? Corporate objectives? CEO vision? Brand? Sales projections? The customer? The first step in creating collaboration between organisations is for them to agree about what they are collaborating on and what the outcome will be. This establishes internal and external alignment.

9. Who owns digital?

Digital is the all-pervasive platform of marketing. It is the same across the whole of the business world. It is where websites, social media and other external communications meet internal finance systems, inventory control and logistics. Nowhere is this more obvious than in e-commerce. But this presents a puzzle: Who actually owns digital? In 2012, the CMO, CIO and CFO will become the new friends of every company embracing social media and online transactions.

10. Pay for results or value, not just costs

Much of the cost of advertising is simply that: a cost. The cost of media. The cost of agencies. The cost of production. But because of increasing pressure on advertising budgets, it is no longer acceptable for marketing just to be a cost of business. Rather, it must be an investment. We need to work out how to move from the cost-based approach to a value or results-based model[3]. This year, we need to stop thinking about costs and start focusing on value and the return on investment.

11. Social media is in-house and out-of-house

Traditionally, most organisations have outsourced their communications needs to specialist agencies. But social media is now causing many to think: In-house or out-of-house? The opportunity it provides to engage your customer in a conversation means that social media is not just a marketing channel but also a customer service tool, a reputation-management function and a customer-relationship management application.

Whether it should be managed in-house, and if so, who owns it, are questions that need to be answered this year.

12. Who is responsible for CSR?

The customer is talking about you – not just about your products and services, but about the way you manufacture them, the way you treat suppliers and employees, how you treat the environment, in fact all aspects of your business. The conundrum here is that this is not just another channel to be managed. Rather, how do you make corporate social responsibility everyone's responsibility?

Footnotes

1 See post 29 titled 'How the scientific method can be used to "test and learn" marketing strategy' of this book.

2 trinityp3.com/2012/01/delivering-the-benefits-of-greater-collaboration-and-business-strategy-alignment

3 trinityp3.com/2011/10/an-example-of-how-value-based-agency-compensation-output-pricing-model-works

POST 4

10 trends in strategic marketing management for 2013

Posted 21 January 2013 by Darren Woolley

At the start of each year since 2011[1], I have been invited by the editor-at-large of the South African B2B site BizCommunity[2] to provide a list of the upcoming global trends in strategic marketing management that TrinityP3 has identified.

If 2012 was the year of confusion and uncertainty[3], an economic roller-coaster ride[4], then the coming year is a time of choice for marketers in regards to the way they manage their strategic marketing. In 2013, marketers will need to look beyond the uncertainty and make longer-term decisions and plans concerning how they will steer their brands.

1. Convenience or specialist?

Last year saw a number of major global clients move from a roster of agencies to a sole supplier, purpose-built as a single client agency within a holding company[5]. This was a reaction to the increasing diversity of specialist suppliers. Some advertisers are choosing convenience over quality as a way of managing complexity. But others are embracing complexity and selecting the best of what's available. The choice is up to the marketer and depends on how effectively they can manage their marketing requirements.

2. Media price or media value?

In recent tough economic times, media prices have come under pressure, making price benchmarking increasingly variable. No longer do the biggest spenders get the best prices. Now, the smartest, fastest and most flexible suppliers are able to match or better the deals usually only available to the big media buyers. This raises the question: Should you be buying media based on the price it costs or the value[6] it creates? After all, just buying the cheapest media does not necessarily give you the best value. The choice is yours.

3. Broadcast or content?

The traditional advertising approach has been to broadcast the message to the audience through media channels. But with growing consumer engagement with social media, content creation and content sharing, marketers are increasingly embracing content brand strategy[7]. However, the results have been mixed. Only when a marketer decides to move beyond a trial to a fully implemented content strategy will they see the results build.

4. Global or local?

Glocal, or global brand strategy executed at the local level, has been around for many years in various mixes of flexibility. But with a content-based brand strategy, local becomes global. This is because local content has the ability to extend beyond its borders to the wider market. The barrier of 'Not invented here!' becomes less so because great content has the ability to transcend borders and engage different cultures. The choice is no longer between how much or how little control, but between what does or doesn't work.

5. Storytelling or experience?

'Storytelling', with the emphasis on the 'telling', has long been the content of the broadcast advertising strategy. People sharing their stories drives social media. And so creative agencies focus on becoming the storytellers[8] for the brand. But in the digital world, the opportunity is to go beyond storytelling and awareness to create branded experiences that engage the audience.

When marketers choose this approach, positive and rewarding experiences become the basis on which the audience tells their own stories about those experiences, building brand engagement and the brand itself.

6. In-house or outsourced?

Technology has not only created more communication channels and more options for interactivity, it has also provided opportunities for managing these interactions in-house. Search engine optimisation and marketing, social media, content production, and data and analytics are all functions that increasingly can be successfully implemented in-house, where they can be easily accessed across the organisation. The decision that needs to be made is what do you outsource and what is best kept in-house. Your choices will depend on your needs, volume, investment levels and existing capabilities.

7. CIO or CMO?

For the past two years, people have been discussing the convergence of marketing and information technology and the impact this will have on the CIO and the CMO[9]. In 2013, a decision will need to be made as to how these areas will align and work together. While some have alluded to the CMO becoming the dominant IT decision-maker, the fact is that the CIO remit extends beyond communications and marketing into operations. That is why the decision is not either/or, but how.

8. Data or insights?

Everyone is talking about data, but the value lies in extracting and leveraging insights[10] to influence customer behaviour, increase engagement and drive sales and advocacy. While technology allows marketers to collect and manage huge amounts of customer and market data, the real challenge is in finding, training and developing key personnel who can extract meaningful insights from the data.

9. Automated or manual?

Technology is also providing opportunities to automate many of the marketing and advertising processes. Demand side platforms, trading desks and media trading and buying all depend on the efficiencies of an automated process to deliver the desired outcome.

But we need to look beyond media channels to the creation and distribution of the content itself. Automated workflow processes and production templates mean that content can be developed, created and distributed in real time. So we must ask where automation can be implemented to achieve maximum value.

10. Behaviour or attitude?

Marketers have traditionally relied on attitudinal market research to track the effectiveness of their marketing communications strategies. But the link between consumer attitude and behaviour is increasingly being questioned, with studies showing that awareness and positive attitudes do not readily convert to behavioural changes. Technology now allows marketers to be able to track and study consumer behaviour with an emphasis on positively changing behaviour as a way to build improved attitude and engagement with brands.

Footnotes

1 trinityp3.com/2011/01/11-trends-in-marketing-services-for-2011

2 bizcommunity.com

3 See post 3 titled '12 trends in strategic marketing management for 2012' of this book.

4 trinityp3.com/2013/01/strategic-marketing-management-2012

5 See post 48 titled 'Why creating a single client advertising agency does not work' of this book.

6 trinityp3.com/2012/10/media-value-chain

7 See post 31 titled '30 reasons why your content marketing strategy is failing miserably' of this book.

8 trinityp3.com/2011/03/how-good-a-storyteller-is-your-agency

9 trinityp3.com/2011/12/why-your-agency-may-not-be-your-best-solution-for-your-digital-strategy-alignment

10 trinityp3.com/2012/09/data-driven-insights-are-the-new-black

POST 5

Why digital marketing should replace KPIs with EPIs

Posted 28 September 2012 by Stephan Argent

Marketers have long shared their key performance indicators (KPIs) with their agencies in an effort to establish the direction and goals of business or marketing efforts. But even today, we rarely see comprehensive digital metrics on the KPI list. Why is this the case?

My guess is that marketing teams are still struggling to define what would be really meaningful when it comes to ‘digital’ KPIs. And after closer scrutiny, initial entries – such as Facebook ‘likes’ – get the chop before the first draft. (Mind you, so they should. I think Facebook ‘dislikes’ would be a more useful measure of what’s working and what’s not.)

So what’s a marketer to do? What digital KPIs should marketers look at when evaluating agency performance? Well, I’d like to propose that instead of KPIs, marketers could use engagement, performance and influence, or EPIs, as metrics for digital success.

Engagement in my view should be the holy grail of digital effectiveness. I’m not as wound up as others are about the concept of a ‘like’ – I’d rather see more time being spent on my site or with my content.

Performance is another factor that we should ultimately focus on, whatever our broader business goals are.

And influence is the reality of the new, socially connected planet which we share.

Unlike KPIs, all of these areas need to be addressed together and looked at holistically in order to be truly effective.

Here are five examples of each as a reference point.

Engagement

1. Activity – Consider the activity on your digital properties, such as the number of emails, inquiries, new leads, even complaints

2. Web traffic – Look at the unique visitors, returning visitors and number of pages per visit
3. Engagement – For how long are your customers engaged by your site? What's their interaction with your social media properties?
4. Analytics suite – What does your analytics suite look like? How effective is it at capturing a range of metrics that give you a comprehensive picture of your digital properties?
5. Source of digital engagement – Where are the inquiries you receive coming from? Which properties are involved? Can you delineate between mobile and web?

Performance

1. The sales/basket/order size attributed to your digital properties
2. Your year-over-year or month-over-month performance
3. The cost per click/sale
4. The number of inbound emails/calls
5. The response rates from online advertising or promotional activity

Influence

1. The number of positive/negative conversations – How are they tracking over time?
2. Search ranking or share of search – call it findability if you like
3. How many sources of recommendations do you have for your business?
4. How many negative sources are out there?
5. What types of external links does your business have, and how many are there? Are they good or bad?

Doing what's right for your business

Clearly the above are general lists. The areas of engagement, performance and influence will vary from business to business. The point is to crop the panorama of potential measures into an orderly snapshot of what makes sense for your business – from a digital perspective.

Whether you are briefing agencies, challenging agencies or, indeed, searching for new agencies, consider capturing and evaluating your own EPIs for better results, which includes better results from your agency.

POST 6

Do you want a digital agency or a technology partner?

Posted 22 February 2013 by Darren Woolley

On 23 November 2012 I spoke at the V21 Digital Summit[1] in Melbourne, which was organised by AIMIA[2]. My topic was 'The future of specialist digital agencies'[3]. Specifically, I tried to answer this question: In a time when everything is digital, what is the purpose or role of a specialist digital agency?

Preparing the talk was interesting as it involved a review of all the trends TrinityP3 has noticed in the past 2–3 years, leading up to the current market. But more significantly, it considered where the current trends were heading, especially those in the more technically advanced overseas markets such as the US.

The digital agency

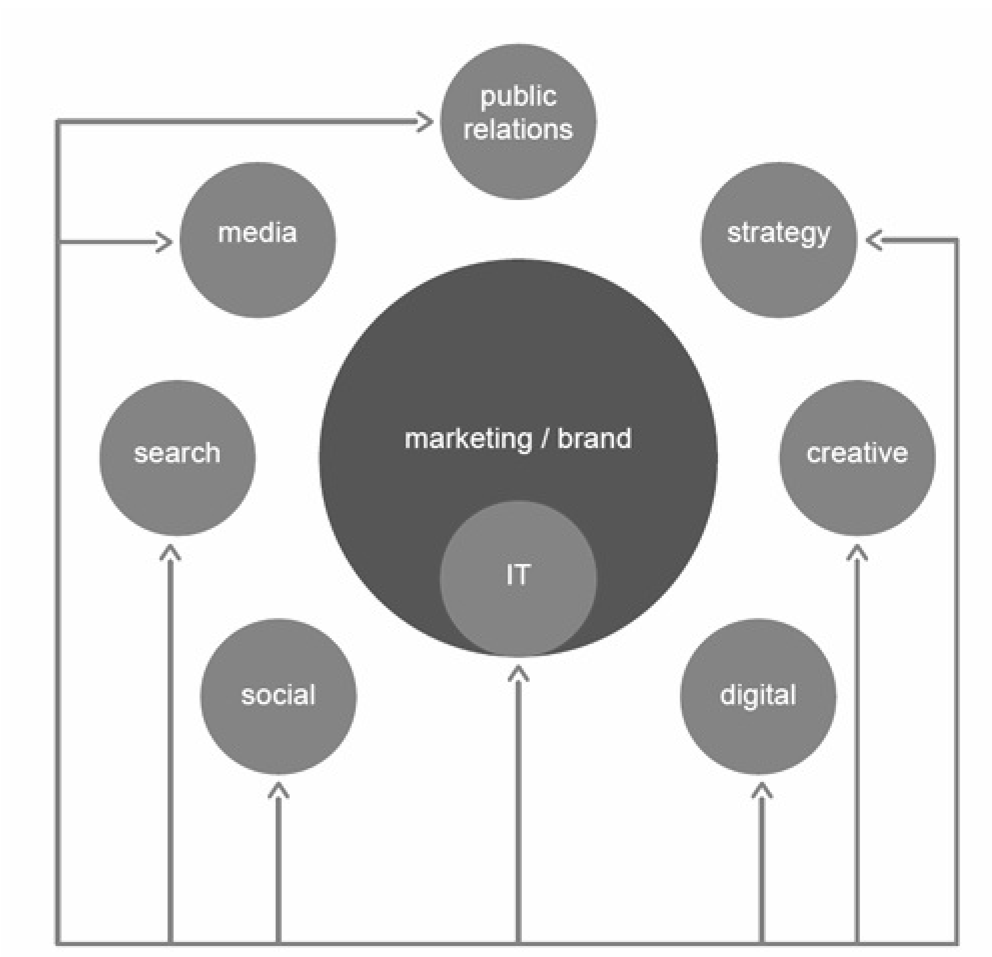
The big issue here is that many marketers still generally view digital agencies as operating in an extension of the traditional market. In other words, they often engage such agencies as a 'digital' version of their creative agency.

This is because for those marketers, digital is simply seen as another form of media, alongside television, press, radio and OOH. It's regarded as a kind of specialist 'media/channel' agency, akin to having a television agency or a radio agency or the like. That may seem ridiculous, but this perception is largely due to marketers believing that the way to address the fact that their creative agency doesn't 'get' digital is to appoint a specialist.

The types of services required at this level include developing display banners, web-landing pages and websites, and setting up Facebook brand pages. The primary aim is to develop communications concepts and publish or broadcast these in the hope of hitting the audience. It is a disruption strategy. Some try to extend this into an engagement strategy by calling it storytelling; that is, telling the story of a brand, service, company or product.

The fact is that any creative agency worth consideration can operate at this level. After all, almost anyone can, and most people do, come up with a creative digital idea. Creative agencies have been fashioning messages in the form of advertisements for more than 100 years. All they need to be able to do this in the digital media is production expertise. Indeed, we have seen many traditional creative agencies recruit or otherwise acquire these skills over the past few years.

But this is an incredibly limited marketing view of the opportunities presented by technology. And this is where the distinction between a digital agency and a technology agency is really important.



The technology agency

Digital technology provides marketers with much more than simply a way of gaining attention and awareness. You can engage with your audience in a meaningful way beyond simple storytelling, by providing them with utility or usefulness. Technology also allows you to capture data on consumer behaviour, and it can facilitate your customers telling and sharing stories about their experience of the brand.

However, in a business context, digital technology is not limited to communications. Within a business, digital technology also drives inventory systems, payroll systems, financial systems and customer database systems. The same technology platform that governs marketing communications is also used to manage the business.

This is best demonstrated by looking at the implementation of e-commerce in a large organisation. The IT side of the business typically engages one of the big IT consulting firms, which usually gets the technology right but forgets about the brand and consumer experience. On the other side you have communications digital agencies, which get the brand expression right and perhaps the customer experience as well, but often overlook the integration of the financial, inventory, stock and distribution systems, all of which are required to make the e-commerce platform function seamlessly.

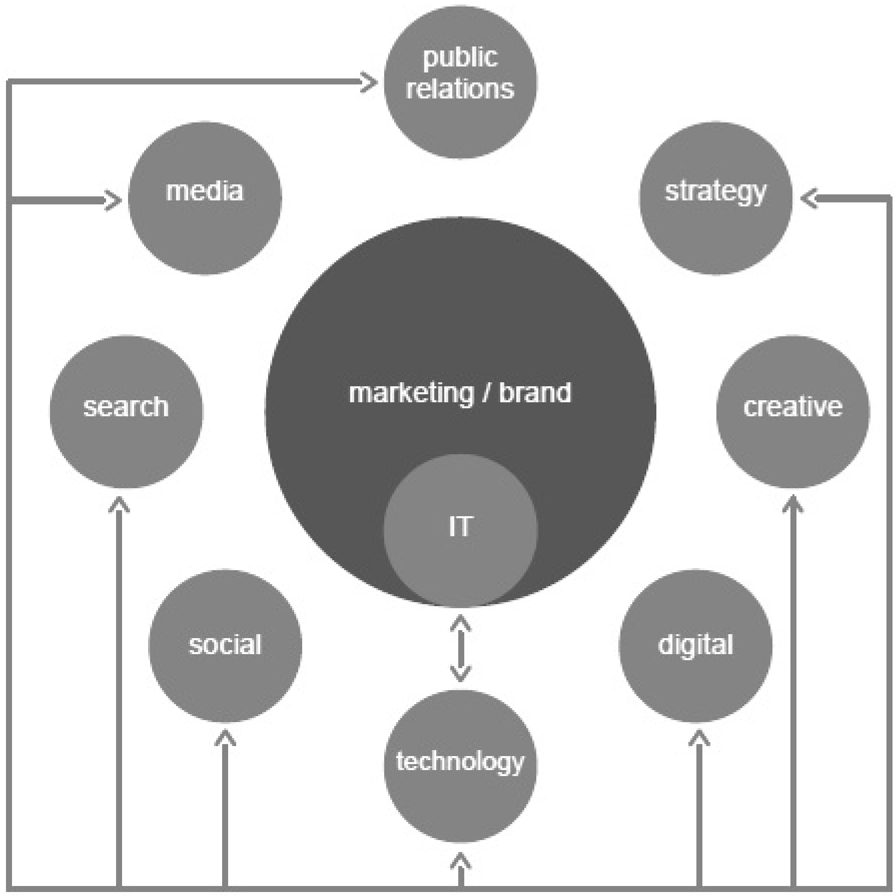
This is where a technology agency is required – a group that can bridge the gap between marketing, which is responsible for the consumer, and IT, which is responsible for system integrity and security.

The digital agency versus the technology agency

Late last year I wrote a post about the need to get strategic business alignment around your digital agencies[4]. This was around the time that a major global consumer goods brand asked TrinityP3 to assist it in selecting a digital agency[5]. Our discussions centred on what was required of such an agency that the marketers' roster of creative agencies could not provide.

The client actually had a number of digital agencies on hand – some were part of creative agencies and some were specialists. But there were various conflicts between them. This stemmed from the fact that most of the agencies on the roster saw themselves as 'digital', including a sales promotion/retail activation agency.

The problem was not the requirement for a digital agency. There were more than enough of those pumping out digital concepts and ideas. What the client really needed was a technology agency that could pull everything together under its global digital guidelines, which were managed locally by the IT department. Unfortunately, IT were understaffed and could not cope with this ever-increasing responsibility. Also, they were not engaged by the marketing department.



By bringing IT into the process, TrintyP3 could manage a tender procedure for the selection of an appropriate technology agency. This agency had to be able to work with marketing and their current roster of agencies, and it also had to work effectively with IT to ensure the implementation met the global technology guidelines.

The rostered agencies all put up their hands for the role, but each stumbled at the first step, lacking the technology capability to work with IT across all the company's platforms. In the end, marketing and IT agreed on a suitable technology partner. Two years later, this agency is successfully managing the digital agencies, marketing and IT.

The future of digital agencies

‘New media’ is a misnomer for digital. All agencies now have digital as some part, or all, of their offerings. So to be a digital specialist is to be just like every other agency. That said, many of the digital specialist agencies have had a solid foundation as technology companies and are uniquely positioned to take this role.

For this reason, the digital specialist is destined to become the technology agency. This involves a much broader remit than just digital communications, one that cannot easily be faked with a few select hirings or by buying another digital agency.

Footnotes

1 v21.com.au

2 aimia.com.au

3 slideshare.net/darrenwoolley/digital-agencies-versus-technology-agencies

4 trinityp3.com/2011/11/strategic-business-alignment-for-your-digital-agency

5 trinityp3.com/agency-search-selection/#5

POST 7

Eight big content marketing mistakes that marketers are still making

Posted 5 April 2013 by Mike Morgan

It was fascinating to read some of the insights revealed by the Content Marketing Institute research report *Content Marketing in Australia: 2013 Benchmarks, Budgets and Trends*[1].

It may surprise you to hear that a whopping 98% of Australian B2B marketers use content marketing, a higher percentage than either North American or UK marketers. Aussie B2C marketers are only a little behind this figure at a healthy 89%. B2C marketers were shown to favour mobile apps, mobile content, print and newsletters, whereas B2B leans more towards case studies, white papers, webinars and research reports.

It is also interesting to note that, on average, four social media platforms are used to distribute content, with Facebook, Twitter, LinkedIn and YouTube having the highest rates of use.

Although brand awareness and customer retention were cited as the top goals, the key success measurement was website traffic. This makes total sense to me. With analytics and other tools, you are able to accurately track the sources of visitors, demographics, keywords that bring visitors, devices used, content effectiveness, geographic locations and much more. You are also able to track and measure which content is the most popular, which is shared the most, which is driving the most engagement, which titles are working and which content is attracting the most links.

But – and this is the biggest takeaway from the research – despite the obvious commitment to content marketing and the stated intention to substantially increase spend, only 31% of B2B and 20% of B2C marketers thought their efforts were effective. That is a pretty worrying statistic!

So why are most of these marketers failing? I believe it comes down to a number of mistakes that I see made with surprising regularity.

Here are my top eight content marketing mistakes.

1. You are not publishing frequently enough

You have a company blog and you have committed yourself to creating and publishing content on a regular basis. All runs well for the first few months. But then everyone who has signed on to write for the blog gets busy, and one of the first things that gets left behind is the blog writing. Your site goes from a couple of posts a week to maybe a monthly post. Then, down the track, you realise that a couple of months have gone by without a single post being published.

Freshness and frequency are big ranking signals for Google – and let's face it, Google has more than 90% market share in Australia for search. So all of the momentum in content visibility that your early enthusiasm generated is slowly slipping away.

Wearing my SEO hat, I'm going to take a look at the potential of regular posting, assuming that the content is relevant and of good quality.

Let's say you have committed to just two 500-word posts per week. That's 4000 keyword-focused words a month and eight new pages on your website. Yes, that's 48,000 keyword-relevant words in your first year and 96 new pages on your site.

Now take a look at your main competitors. Can they compete with this amount of value?

2. You are not delivering value

Addressing this issue involves quite a major shift in mindset.

Not that long ago, businesses talked about protecting IP. They ensured that their methodologies or practices were kept out of public forums, out of fear that competitors would use the information to take a slice of the pie. Non-disclosure agreements anyone?

Well, the game has changed, and those who understand how the new, socially motivated consumer and business operate are giving value on a consistent basis. Just look at any of the major tech-based start-ups of the past few years and see how much value they are sharing: step-by-step tutorials, cheat sheets, free templates, white papers, training through webinars, free versions of browser extensions and online tools, and much, much more.

This is not giving away IP. This is demonstrating leadership. It's a key way in which businesses attract new clients/customers. This generosity is also rewarded with high levels of social sharing and brand advocacy, leading to a greater presence on social platforms and in searches through powerful social signals.

Look at the most prevalent model for web-based tools and services. The free version is the hook. It usually has great features that will make your management or measurement of tasks more effective. The paid version has all the bells and whistles and comes at a premium. This is touted as an enterprise or professional solution, and due to the quality and utility of the free version, it is easy to entice people to upgrade to the premium version.

Note I said entice, not sell. Think about this when you are creating content.

3. You are talking about yourself too much

How long do you think it takes for someone in your audience to switch off when you consistently talk about yourself, your services or your products? About three messages would probably do it. So do not be too self-promotional. Online attention spans are very short and you only get to lose someone once.

Drop the sales pitch and instead give your audience content that is valuable, funny, engaging, surprising, memorable, or is so comprehensive that it becomes a point of reference. Remember: it is not about you; it is about the person who is taking the time to read your content.

How many times have you come across content that is an overt sales letter? Way too often, I'm sure! Do you get the urge to share a sales letter with your audience? No, of course not.

I have seen some phenomenal pieces get absolutely wrecked by a hard-sell finish – yes, that dated 'internet marketing' temptation to stuff in a big monetising call-to-action at the end. As soon as that PayPal button appears, you can guarantee that the majority of your readers will bail out of the content.

And they will never share it.

4. Your content lacks a unique voice

How many websites have you visited that have large blocks of text riddled with complex technical language or overly descriptive text? Somehow, the authors of this material have neglected a critical element of online communication: a warm, friendly tone and a unique voice. After all, if people want complex explanations, they will search scholarly articles or journals.

Let me explain it this way. Imagine you are seated at a table having a bite to eat with someone whom you know quite well, someone who is interested in what you do and has some understanding of it. Now if you were to speak your content out loud in the company of this person, in this relaxed environment, would it work? If the answer is no, then go back and work on your writing until the answer is yes.

Remember, as far as the person reading your content goes, they are the only person reading it – you are talking to them and only them. So always address your content to 'you' or 'your'. The internet can be extremely impersonal, so you have to be more human than human.

Examples of sites that have mastered the new art of web copy include Copyblogger[2], Kissmetrics[3] and Hubspot[4]. Check them out.

5. Your content is too short

Sure, sometimes complex ideas can be communicated in just a few words. And sometimes wisdom does not need a lot of elaboration (Seth Godin springs to mind). Sometimes a picture can be worth a thousand words. But … search engines have certain requirements that must be met in order for them to assign value and authority to content.

Search engines cannot see images, so optimising visuals with alt tags and descriptions is not the '1000 words' solution you are looking for. And a short post which is light on text gives them very little to work with. The algorithms are becoming so sophisticated that it is no longer about keyword density. The associated language is much more important than any repetition of key phrases.

Structure is also very important, as are the words used in headings and subheadings. And ask yourself how unique is the content. Are you giving value that is above and beyond what is already published on the web? Is your take on a topic unlike the others out there?

Now consider 'linkbait'. If you are unfamiliar with the concept of linkbait, this is how it works.

You create a definitive explanation of a particular topic. You examine and explain every possible element of the topic and you reference a range of high-quality resources. People will bookmark your content for future reference (or to complete reading it), but they will also link to it for a number of other reasons:

- To associate themselves with high-quality reference material as a vote – an expression of approval
- To direct their audiences to a comprehensive explanation to demonstrate a point
- To improve the authority of their own content

All of this popularity and the groundswell of links to content and the associated social sharing sends very strong signals to search engines that this is a valuable addition to the results pages. The more this happens, the higher your rank for any keyword targets and the higher your visibility. This presence in search will incrementally grow the numbers of visitors to your site.

Most linkbait is created as long-form content[5]. If you look at the leading sites on the web, you'll see that 'epic' or 'long form' is the standard. The success of this strategy makes it worth investing in the development of exceptional content.

If you check out recent examples of remarkable content creation[6], you will see how seriously some companies are taking this approach. Project management, creative, copywriting, research, web design, developers, data analysis – all collaborate on one project to create something exceptional, link-attractive and newsworthy. This is an extremely effective way of getting more brand awareness.

6. Your social media content strategy is poor

Now that you have produced a brilliant piece, you go to social media and distribute it through your many social channels. Except that there are only a few dozen people following you on Twitter. And you only have a couple of hundred Facebook 'likes' (of whom less than 10% will see your post). LinkedIn will get the content in front of a few of your personal connections – those who actively use LinkedIn, that is.

And then there's that Google+ page that you haven't been able to figure out how or why it just sits there doing nothing.

So you share – and nothing happens. You wait for your post to 'go viral', but instead there is a deafening silence. No interaction, no comments, no retweets, likes or shares. Why is that?

It's because social media requires a consistent and highly focused strategy.

So many companies set up a few profiles, put some stuff on them, go away for a few days, then wonder why the 'incredible power of social media' is eluding them.

Building relationships is the key to social media effectiveness. And this net needs to be spread as wide as possible. It is difficult to describe yourself as a thought-leading brand if few people are following you or sharing and interacting with what you are posting.

By this, I don't mean uploading cute pictures of kittens onto Facebook to get the 'like' quotient up. Again, it comes down to knowing who your audience is and what you can do to give them value. Then you can tailor what you share with these groups.

As this sparks interaction, you must have processes in place to not only respond to but also nurture these new relationships (without looking like a stalker).

Generosity, for example, is one of the key stumbling blocks for businesses. Simply put, share other people's stuff … but only if it's great. Do it often and without expectation of any reciprocity. Champion other people more often than you share your own content (see mistake #3). Understand the acceptable levels of sharing and repetition across all channels. And set up a social schedule and use tools to ensure your hard work is reaching the most people possible.

Here's a final thought on social media strategy. How many people within your organisation are actively engaged with, and supportive of, your social strategy? Does the C-suite know any of the detail of the strategy? Do employees other than those in marketing know anything about it and are they encouraged to contribute in any way? Is there a simple policy in place to protect both the company and the individuals who work for it? I am growing a bit tired of seeing 'Thoughts are my own' as a disclaimer on social profiles.

How about this for a social media policy? It was created by a high-profile, tech-based company. Three words: 'Use Good Judgement'.

No pages of SOPs and rules. Just three words and a large amount of trust and self-belief on the part of the company that they are hiring the right people.

7. You haven't factored search optimisation into your efforts

This one is a huge and unfortunately very common mistake. SEO and content marketing are essential partners. If you lack an understanding of how search engines work, your content will have almost no visibility. Thankfully, however, the old days of SEO being that irritating requirement to stuff irrelevant and clumsy text into your titles and body are very much gone.

SEO[7] is all about ensuring that your website is performing as cleanly and efficiently as possible. It is about making sure that Google and other search engines can easily crawl and index your content. It is about using critical points to clearly articulate what each page or post is about. And it is about understanding visitor behaviour and structuring content in an intuitive and streamlined way.

But that's just for starters. Technical compliance is crucial before you can even begin to publish content, thanks to some momentous updates by Google over the past year or so.

(Sorry, brief technical interlude.)

Once you have your site technically correct – no accidental duplication, no bad links, reliable servers and DNS, low numbers of crawl errors, robots.txt correct, friendly URLs, no missing or incorrect-length metadata – then you can optimise content for publishing.

Set up a checklist similar to the following and make sure each of the points are covered:

- Install features or plug-ins to take care of XML sitemaps, canonical tags, author attribution, recommended reading and metadata creation
- Use shorter, keyword-focused URLs
- Use headings and subheadings in H1, H2 and H3
- Use a 'more tag'
- Reduce the size of images and optimise with title, alt tag and description
- Manage categories and tags
- Make sure the title tag and meta description do not exceed guideline length

Now promote your content through social media, email lists, newsletters, social bookmarking sites, pinging services, trade press and anywhere else people would be interested in what you are saying.

Successful content marketing does require a fairly high level of technical understanding, particularly in regards to how the web works. Why?

Here are some WordPress stats for you: WordPress.com users produce about 39.3 million new posts and 41.4 million new comments every month. That's *one* free blogging platform. Competitive? Oh yes.

If you would like your content to be seen, then you have to maximise your chances.

8. Your titles are incredibly dull

Here's another hint concerning how the web works: titles are King; descriptions are Queen. A very large proportion of the time, all an internet user sees is your title and your description (by this I mean your meta description).

There are some really useful posts on how to make the most of titles by following a particular formula[8], and there are some classic posts in which bloggers pull apart the really dreadful titles people use. Here's how it all works.

You only have a couple of seconds to convince people that they cannot afford to miss taking action by clicking the link. The title is the first point of connection: each tweet on Twitter is just a title and a link; a search on Google will surface a title and a description; a share on LinkedIn or Facebook or Google+ will present a title and a description; social bookmarking platforms like StumbleUpon, Delicious, Digg or Reddit will show your title and description.

So why would you waste all that hard work you did creating something exceptional if your title is just plain boring, not at all compelling? And what about those descriptions we all see that are taken from somewhere in your post and really don't sum up why your audience should 'check this out'? These two areas offer a massive opportunity for marketers to convert more people into website visitors, but generally they are handled very badly.

Did you know that a title tag should not exceed 65 characters, including spaces? Or that a title that is too short will be regarded by Google as an error? Did you know that a description should not exceed 155 characters, including spaces? (I'm sure you've seen many titles and descriptions cut off before the message is completed with a …) This also dilutes your keyword effectiveness.

Here is my tip: put at least 20% of your effort into your title and description. Make them as compelling as you possibly can. Use your copywriting skills to really hook people in. And deliver on the promise you are making in your title with your content!

Making a commitment

We've just reviewed eight content marketing mistakes, but there are plenty more. Just check out the post I published on 30 reasons why your content marketing strategy is failing miserably[9].

Creating content, being a publisher, connecting with audiences, building relationships – these are the most exciting aspects of the new super-connected world. Being successful at all this, however, requires a commitment to learning the art of web copy. It also requires a level of technical understanding that initially may seem a bit daunting. However, when you get it right, the opportunities can be astonishing.

Footnotes

1 contentmarketinginstitute.com/2013/02/australia-2013-content-marketing-research

2 copyblogger.com/blog

3 blog.kissmetrics.com

4 blog.hubspot.com

5 distilled.net/blog/marketing/in-praise-of-the-long-thought

6 iacquire.com/blog/what-it-takes-to-get-remarkable-content-done

7 portent.com/blog/seo/wtf-is-seo.htm

8 contentmarketinginstitute.com/2013/03/3-step-writing-formula

9 See post 31 titled '30 reasons why your content marketing strategy is failing miserably' of this book.

POST 8

Some of the differences between traditional and digital media planning and buying

Posted 1 June 2012 by Darren Woolley

A common question TrinityP3 gets asked, especially by procurement, concerns the difference between traditional media planning/buying, like television, newspapers, radio, magazines and so on, and digital media planning/buying. (In answering this, for clarity and brevity, I want to limit the definition of 'digital' to the paid media space of SEM, online and mobile display and search.)

According to a recent WFA Media survey of global advertisers, the media agency fees paid as a percentage of media spend (effective commission) are running between 2.1% and 3.6%, depending on the market, the advertisers and the complexity of the spend. Meanwhile, for digital, agency fees are reportedly between 5.4% and 6.2%. But there are fundamental differences between traditional and digital media planning and buying that are not reflected in the alignment of these fees.

Following the data analytics and channel strategy, there are three important steps in the use of traditional media:

1. Media planning
2. Media trading or buying
3. Post-campaign analysis

For digital media (search and display), there are four steps:

1. Media planning
2. Media trading or buying
3. Campaign optimisation
4. Post-campaign analysis

Let's focus on the non-shared step: campaign optimisation. This involves the ability to do real-time tracking of media activity performance in regards to impressions, click-throughs or, more importantly, lead generation and sales. The agency can then optimise the campaign by changing weightings, placement, creative and positioning.

Optimisation is labour-intensive. Although the specialist agencies and agency trading desks have invested heavily to make planning, buying, tracking and reporting more automated, these processes still require daily and sometimes hourly monitoring and campaign changes. Regardless, compared with traditional media, where you buy the media plan and hope for the best, digital campaign optimisation can deliver much better results.

As a consequence, if marketers pay their media agency the same for digital as they do for traditional media, it means the agency is not optimising the campaign. Or if they are, then they are probably not achieving the full potential of the media investment.

So what should you pay for a fully optimising digital service?

Well, some advertisers are paying an effective commission of 8–25%, in some cases higher. But the really smart advertisers do not pay any fees or commissions in this space. Instead, they pay performance-based remuneration, rewarding the agencies for the results that are delivered. This can be anything from maximising impressions or clicks to lead generation and sales. The effect is to provide a significant incentive for the agency to optimise the results.

In such cases, the measure of success should not be how much you pay the agency as a percentage of media spend, but rather the cost of lead or sale or return on investment.

POST 9

A step-by-step approach to calculating ad agency resource rates and head hour costs

Posted 22 October 2012 by Darren Woolley

With the majority of agency remuneration being resource-based (head hours/retainers[1]), it is important for those working with these models to have a practical understanding of them to avoid confusion and mistakes. That is why, several years ago, TrinityP3 developed its agency remuneration calculators[2]. It is also why, more recently, we developed the TrinityP3 Resource Rate Calculator for the iPhone[3] and released this business app for Windows, Android and HD iPad[4].

But while the process is now easier due to these apps and calculators, I have found that some people do not understand the underlying methodology. So I thought it would be worthwhile to explain this.

You need to consider three things:

1. The resources you are buying and their cost
2. The cost of providing those resources
3. The calculation of the total cost

1. The resources and their cost

A resource is a person. They get a salary and they can work a set number of hours a year for you – billable hours per annum.

Salary is the easy part. What do the resources get paid? Some companies use the direct employee benefit, which includes, for example, a compulsory pension, superannuation or health insurance component. Others use cost-to-business, which includes payroll tax and other directly related salary costs. Cost-to-business is fine as long as you do not also account for this in the overhead.

You need to work out how many hours a year each person can be billed out or work for you, so that you know how much they need to be charged out at to simply recover their salary. Billable hours per annum is a factor of the number of working hours per year after you have taken out public holidays, sick leave, annual leave and non-billable time. Then if you divide the salary cost by the number of billable hours per annum, you get the cost per hour to recover the salary cost only.

But there are more costs in a business to be recovered than just the direct salary costs. Those resources not billed directly to the client, such as the receptionist, the executive assistant and the finance team, are indirect salary costs. They appear in the overhead costs of the business, or in the costs associated with providing the resources.

2. The cost of providing resources

The next part of the calculation is the cost of business. Specifically, this is the overhead cost of the business[5],[6] and the profit mark-up or margin.

The overhead mark-up is typically expressed as a percentage of the direct salary costs. So in an agency, there are the salaries directly associated with providing services and then all the other costs provided with those services. Ideally, you should calculate the overhead mark-up for the whole agency and recover the overhead cost across all clients. You can, of course, calculate this by client, but it requires apportioning the fixed costs of the business against each client, often based on a percentage of their contribution to total revenue.

Add up all of the direct salary costs, multiply them by the overhead mark-up and add this to the salary costs to calculate the cost of resources. This is sometimes expressed as a multiple – what you multiply the direct salary costs by to get the overhead multiple.

Now we'll look at profit mark-up and profit margin. There is a difference between the two, so it is very important to be clear about which one you are discussing. Profit mark-up is the percentage mark-up of the initial cost to get the final price. Profit margin is the difference between the initial cost and the final price, expressed as a percentage of the final price.

So if you are targeting the agency to achieve a 20% profit mark-up and the agency is calculating a 20% profit margin, there is a 5% difference between the two.

3. Calculating the total cost

For simplicity, let's stay with profit mark-up. This is applied to both the direct salary cost and the overhead, not to the direct salary cost alone. This means that the profit mark-up is rightly based on the cost of the resources, which is the direct salary costs and the business overheads incurred to deliver them.

This is sometime expressed as a multiple, which is what you multiply the cost of resources by to get the profit mark-up.

If all this is too hard, then simply check out TrinityP3's agency remuneration calculators or business app, referred to at the start of this post.

Footnotes

1 See post 11 titled 'How to calculate your agency head hour rates' of this book.

2 trinityp3.com/calculators

3 itunes.apple.com/au/app/resource-rate-calculator/id458116251?mt=8

4 trinityp3.com/mobile_apps_for_business

5 See post 20 titled ‘The importance of overhead in agency compensation’ of this book.

6 See post 22 titled ‘What is included in your advertising agency overhead cost and what is not?’ of this book.

POST 10

How to tell a story about yourself without sounding like an egomaniac

Posted 31 October 2012 by Shawn Callahan

To paraphrase Annette Simmons: ‘People won’t listen to you until they know who you are and what you want’. One of the best ways of addressing these two things while introducing yourself is to tell a story that reveals something about your character and experience.

Now the challenge for many people is to find and tell a story that doesn’t sound like they are just blowing their own trumpet. If this applies to you, one approach is to take the spotlight off yourself and make someone else the lead in the story. You can then play a supporting role.

When I introduce myself to a new audience, I often tell the story of how I got started in storytelling after meeting Dave Snowden, a world leader in knowledge management and narrative techniques, as well as an impressive speaker and storyteller. At this point, you might want to have a look at a video in which I tell the story of how I met Dave[1]. After you’ve watched the video, and before you read on, please jot down what you inferred about me while hearing my story. This will help illustrate a key point about this approach.

For those of you who aren’t going to watch the video, here’s the basic plot. Dave comes to Canberra and presents at a seminar I’ve organised. He captivates the audience for the whole day with stories and new ways of seeing the world. I’m so taken with the performance that I resolve to do similar work, and that night I write a story and send it to Dave. He admonishes me for missing the whole point of his work, which is to help organisations make sense of their own stories, not to craft stories per se. We become friends and I help lead his research centre on complexity in Australia and New Zealand. I eventually leave my employer to set up Anecdote.

Dave is front and centre in this story. He is the star, but I play a significant supporting role.

In Anecdote’s Storytelling for Leaders workshops[2], I tell this story at the beginning of the day and then, in the afternoon, I ask the participants what they inferred about me while hearing the story. They tend to say the following:

- You are passionate about storytelling
- You are willing to take risks
- You have large organisation experience
- You have worked for a highly respected company
- You are confident enough to share your mistakes
- You are experienced in storytelling

I never get the sense that they think I'm a poser (mind you, perhaps they're just not telling me …). To the contrary, at the beginning of these workshops, it always feels like we've quickly make a connection and we're off to a good start.

So think about those times when you've lent a helping hand, when you've helped create the conditions for others to succeed, and tell these stories to introduce yourself to an audience and build rapport. These stories speak volumes about who you are and what drives you, and they reveal your character – the prerequisites for trusting collaborations.

Footnotes

1 youtube.com/watch?v=dGaT4WLBSIc

2 anecdote.com/what-we-do/storytelling-program

POST 11

How to calculate your agency head hour rates

Posted 13 April 2011 by Darren Woolley

Your agency is proposing to charge $250 per hour for the group account director, or $325 per hour for the media trading director. How is this calculated? And what is the underlying salary cost?

TrinityP3 deals with agency compensation and remuneration agreements every day, and so calculating this is relatively straightforward for us. But for those marketers, procurement and agency people who aren't as practised at doing this, we've set up online agency compensation calculators[1] so they can make these calculations no matter where they are in the world.

The components of a head hour rate are as follows:

1. *The direct salary cost of the resource* – how much they are paid plus mandatory on-costs
2. *The number of billable hours per year* – a reasonable number of working hours per year
3. *The overhead multiple* – the overhead cost to the agency as a percentage of the direct salary costs
4. *The profit multiple* – the profit margin the agency will enjoy as a percentage of revenue

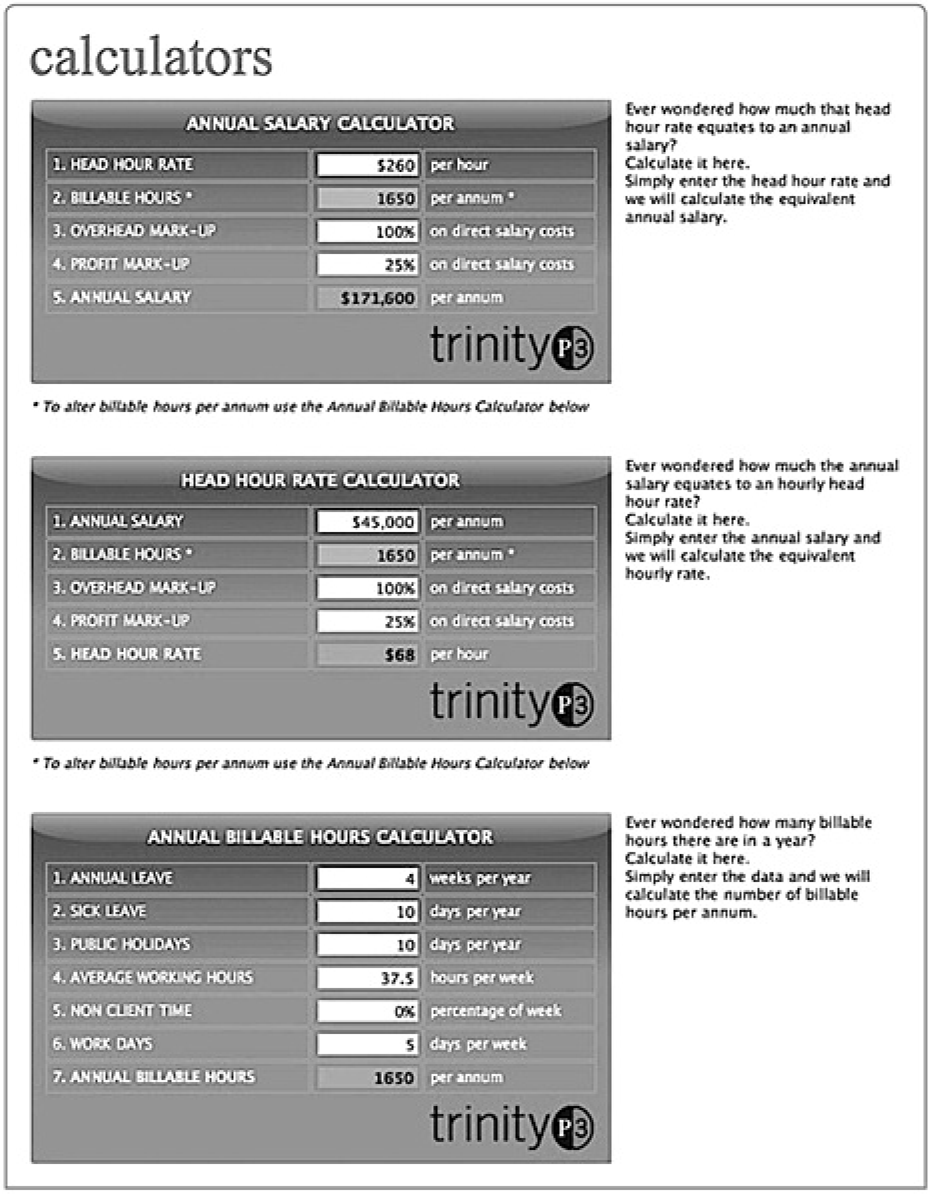
When your agency proposes a certain head hour rate, you can now calculate the salary that person should be paid to justify that rate. And if you know what a certain role or position is getting paid, you can calculate the head hour rate that person should be charged out at to justify their salary.

This involves three easy steps (refer again to TrinityP3's online calculators):

1. *Adjust the Annual Billable Hours Calculator to your particular market* – you need to know the details of annual and sick leave entitlements, public holidays and working weeks
2. *Enter the hourly rate into either the Annual Salary Calculator or the*

Head Hour Rate Calculator

3. *Enter the overhead multiple and the profit multiple as percentages into either the Annual Salary Calculator or the Head Hour Rate Calculator*



Footnotes

1 trinityp3.com/calculators

POST 12

The importance of chemistry meetings in the advertising agency selection process

Posted 7 December 2011 by Darren Woolley

Recently I was talking with a colleague in the UK about the ‘pitch’ process and he mentioned that his business doesn’t run chemistry sessions because ‘they are a waste of time’. I was surprised and curious. I asked him why, and he explained that getting the agency and the marketing team together just to see if they liked each other was pointless.

I actually think this is missing the point. Chemistry meetings amount to so much more than simply the business equivalent of a date.

There are procurement professionals who, when running an RFP or RFT to select an advertising agency, do not bother with any meetings, preferring to choose an agency based on the tender response. But this ignores the fact that in most cases you are buying a professional relationship. This is why it is important to test the relationship and gauge the chemistry between the teams.

The chemistry meeting is an opportunity for the agency and the marketing team to assess the alignment of values, culture and personality (although interestingly, in these situations you often find that people have already made intuitive judgements about the chemistry fit and spend the rest of the meeting looking for evidence that justifies or challenges that instinct). These meetings also allow the marketing team to get an insight into what it would be like to work with the agency.

The chemistry meeting is usually held at the clients’ offices following the submission of the credentials documents or the RFI, and it lasts about 45–60 minutes for each agency. There are always exceptions, however. TrinityP3 had a client who wanted to speed-date agencies in 15-minute meetings.

One issue with these meetings is that the agency will obviously be determined to present its team in the best light and will put on its best performance. So we do a number of things to challenge the performance and help the marketing team to see the real agency:

- We are not prescriptive about the agenda or the composition of the agency attendees other than asking to meet the team proposed for the business
- We push the agency to see how it responds and also to test its thinking, strategy and team dynamics
- We look at how the agency has planned to use the allotted time in regards to the content, the level of engagement, and the team and its participation

Ultimately, our meetings go well beyond a simple meet and greet, which I agree is a waste of time. Instead, we assess the following:

- How well the agency has planned for the meeting – it is surprising how many agencies come to the meeting with no formalised agenda
- Whether they use the time to best effect – many agencies spend the entire meeting presenting to the marketing team instead of engaging with them
- How well the team performs – agencies often bring a number of members along, but then only the CEO talks while the rest stand around like props
- How they react under pressure – like the time the CMO challenged the premise of a strategy case study that was being presented and the agency CEO turned on them angrily, saying, 'What would you know?!'
- How well they know their material – sometimes we ask questions that come straight out of a credentials case study and no-one knows the answers, or even worse, no-one knows the case study
- How committed the agency is – we once dealt with an agency whose main reason for pursuing a collaboration was the lack of a client from that category on its roster

As a final tip, I have heard about consultants and procurement professionals who impose strict guidelines on these meetings. But when we've been asked to do this, we've found it becomes a barrier to the development of a true mutual understanding between the parties.

POST 13

Eight SEO fundamentals for marketers and agencies in 2013

Posted 18 January 2013 by Mike Morgan

SEO is possibly one of the most misunderstood elements of the new digital environment, yet it is the absolute foundation of any online strategy.

The rise of content marketing has seen marketers and agencies embrace content creation for the web. But without an understanding of search, content strategy has little reach and is of very little benefit. Social media marketing is another element that has gone from strength to strength. But again, without an understanding of open graph, optimised copy and titles, author tags and other SEO considerations, it is like trying to row a boat with a couple of forks!

What is SEO and why is it important for marketers and agencies to understand its fundamentals?

Search engine optimisation is a phrase that is not particularly popular among those who are the real thought-leaders in this arena. This is because, unfortunately, SEO has become associated with those dreadful pitch emails we all get. You know the ones: 'We have 100 link-building experts using Google-approved methods who will build 10,000 links to your site … blah blah blah … Number-one spot on Google guaranteed!'

To distance ourselves from this type of spam, many of us use phrases like 'inbound marketing' to describe what we do. But in the end, what we really do as SEOs and as marketers is to use a range of constantly evolving strategies which straddle the divide between marketing and tech to drive business growth using the internet.

If you are developing a web-based marketing strategy, you really do need to understand some of the basics of SEO. You don't necessarily have to go deep into the rocket science stuff, but you do need a good, solid grasp of what SEO is and how it works.

With that in mind, here are eight SEO fundamentals for any business looking at a healthy web presence in 2013.

1. What Google really wants from us

Google's needs are relatively simple. It requires high-quality answers to billions of questions, which it puts into a hierarchy based on how good it thinks the solution might be.

Number 1 position is probably the best answer; number 2 is maybe the next best; number 3 might be news or a video in case the searcher didn't like the first two choices; number 4 could be a map so you can drive to the retail outlet, or it might be an image so you can look at what you are searching for … and so on and so on. The algorithm that orders these billions of web pages and billions of searches has to be incredibly complex.

So what does Google want from us as marketers? It wants high-quality, solutions-based content that is correctly structured and optimised so that Google's robot can crawl and index it and judge its value via a number of ranking factors (at present, 300-plus). Why? Well, if Google did not have this massive pool of content, there would be nowhere for it to place 'paid search' ads (PPC), which is Google's primary source of revenue.

Google's ongoing success relies to a great extent on its ability to give the best possible results for any given query. If Google gets this wrong, Bing, Yahoo and even DuckDuckGo will happily step up.

2. The rise and rise of technical compliance

It wasn't that long ago that you could get away with a slightly buggy, low-quality website, or you could pop up a thin page announcing what you were selling and amp things up by automating views, links or any other popularity indicator. You would be rewarded for using a combination of search engine hacks with high page positions and tons of traffic, resulting in high growth in sales. However, as of 2012, this is no longer an option.

Google has really taken the initiative in the fight to eliminate manipulative practices, to cut out the spam and black-hat SEO practices. Two algorithm updates in particular have changed the game – Panda and Penguin.

Panda's target was 'content farms' such as low-quality directories, article sites and web 2.0 plus sites that offered little value (such as affiliate-based sites). Unfortunately, there was a fair bit of collateral damage to trustworthy sites that had some structural similarities to the target sites. But in regards to issues such as accidental duplication, Google's attitude is pretty much that it is up to you to keep up with the guidelines and fix any problems.

Big traffic drops were also caused by thin content on key pages. (Anyone have very little text on their homepage? Badly structured titles or headings? Keyword repetition?)

Penguin, however, was all about your link profile – the number and quality of sites that link to yours and which phrases they use to link to you:

- Too many links saying the same thing (unless it is your brand name) = penalty
- Links from 'bad neighbourhoods' = penalty
- Too many links from the same type of sites = penalty
- Links from low-quality 'link-building strategies' = penalty
- Bought or sold links = penalty

At the same time, Google's requirements for technical compliance became much firmer:

- How reliable is your hosting and who looks after your DNS? (I have seen a number of sites punished for server connectivity issues that were completely out of the website owner's hands.)
- How fast/slow is your website? Does it take forever to load a page? (Forever is more than two seconds.)
- How clean is your site code? Are redirects correct and are key elements configured correctly?

Google's Matt Cutts has produced 300-plus videos[1] to help you make your website technically compliant with his organisation … I'm serious!

3. Clickbait

The way the web works is that a large proportion of the content that surfaces in search results or is shared on social media is reliant on the effectiveness of the title. Titles in search are populated by the title tag on any piece of content. This is represented in your website page code by the following: <title>Whatever your title is</title>.

Now this is hugely important. Every website must have the ability to edit a title tag for any published content. You also need to know the character limitations for this tag – I would advise you not to exceed 60 characters, including spaces.

Title tags are one of the most important ranking factors, so these have to be keyword-driven; the earlier in the tag the keyword appears, the better it performs. Social media sites usually pick up the actual title of the post, so you need to consider this when deciding on a title: Twitter is a title and a link, while Facebook, LinkedIn and Google+ give a title, a description and a link.

Facebook also has open graph tags, which you must add to any content in order for it to look good on the site. Ever see posts where the image doesn't show or is of someone who has commented or is an ad from the page? Ever see titles on Facebook shares that do not make sense, or the description is taken from something that doesn't relate to the post? This is where open graph tags come into play.

To get back to clickbait, this is simply the art of creating a title that is so compelling that people need to take the action you want, which is to click the link and check out the content. However, do not make the mistake of coming up with an irresistible title that does not actually relate to the content. You only have to betray trust once to never succeed with that person again.

My advice is to put at least 20% of your content creation effort into crafting a great title – more if possible! Make sure your title tag is less than the maximum length, and for social media, don't go too far over this with your actual post title. There is nothing worse than doing all that work only to have the last two words cut off on LinkedIn.

This post by Darren is a great example of a clickbait title: 'Three ways to make sure that social media expert is really an expert'.[2]

4. Content strategy and audience building

One of the biggest benefits of an effective content strategy is the development of an engaged and motivated audience. Content that is truly unique and which goes that extra distance to give value; content that addresses a pain point; solution-based content; content that amuses, enlightens, educates, inspires, stimulates, surprises … this content will be noticed. And if the branding is consistent, over time you will gain a tuned-in audience.

Having a long social media reach is very important in promoting your creations, but the advantages of high-visibility strategic partners, brand advocates and a healthy presence through interaction on top industry sites cannot be underestimated. This is where metrics around shares, retweets, likes and +1s come into play. Highly popular material tends to snowball.

Do you ever think twice about not sharing content that has only one tweet or one like? You are not alone – even if they themselves approve of it, many people are not keen to share what is seen to be unpopular content in case it turns out to be nowhere near as valuable as they thought it was.

The power kicks in when you have a big audience which is waiting for each value-giving post you publish. Within minutes, these followers will have shared or added to curation platforms like Paper.li or Scoop.it, or they may have added your content to sites like inbound.org. You now have the ability to quickly reach a very large audience. Traffic growth to your website becomes impressive, to say the least, and new posts will hit the top few spots on Google for a targeted keyword in 3–4 hours.

5. Social media integration

This is only going to get bigger in 2013. Facebook, for instance, recently announced its Graph Search[3], a big change to its platform. And there is no doubt that Google is going to get even more aggressive in its marketing of Google+. This comes in the wake of various acquisitions in 2012, when LinkedIn bought SlideShare, Facebook grabbed Instagram and Twitter got Posterous.

The use of authorship[4] as a ranking signal is one of the hottest picks for SEO in 2013. We had a glimpse of how effective this is when authors' photos began appearing in search results next to their content in 2012. If you do not have a presence on Google+, you will not be able to take advantage of this big brand boost!

Going back to Facebook, the company seems to be struggling with an identity crisis at present, with some fairly punitive measures dished out to business pages while personal pages are being made even more dynamic. Substantially reducing a brand's reach and then attempting to sell that reach back to businesses post by post was a surprising move, one that has lost

Facebook a lot of business support.

Facebook has no influence on Google results and I don't see this changing in the near future. However, it is a big factor (rightly or wrongly) in allocating authority scores on influence-measurement providers such as Klout. You can't really afford to ignore Facebook, although the B2B results are not particularly brilliant.

Twitter is the wildcard in 2013 – anything could happen with it. My pick is that Twitter will continue to grow in importance. It is the fastest crowd-sourced news platform around, though this can work for and against it. When something hits big, Twitter is the very definition of viral, as content good or bad can spiral out of control extremely quickly. Have no doubt – Twitter will be a big player in 2013.

How does all this social media activity relate to SEO? The answer is social signals. Because links alone can be manipulated (though to a lesser extent now), the major search engines take into account the social popularity of content as a ranking factor.

Jayson DeMers has written in detail about how social signals affect ranking[5], but the key point is that the numbers of shares through social media and the level of authority of the sharers all count towards your overall scores.

Ignore soc l media at your peril.

6. Personal branding and engagement

Website traffic is not purely about targeted keyword phrases. A great deal of visits should be appearing in the direct traffic figures in your analytics. Much of this comes from brand presence and can be directly measured against marketing spend in other media: television, print, direct marketing and many other sources. This is split with Google organic data, as some people will type your brand name into the search bar and others will type your web address into the address bar.

Many of your online strategies can also influence the direct traffic data. Being active as a contributor to heavyweight trade and industry sites will often not carry the benefit of a link within the piece if the site is really big. Much of the time, you will not even get a link from your author page on these sites. However, the exposure gained by contributing at this high level is enough to prompt a substantial increase in traffic and the number of links to your website.

A smart commenting strategy will also bring you high visibility and lots of extra traffic. Be prepared to be generous with your expertise and consider each comment you make online to be a representation of your brand. Steer clear of petty or abusive behaviour and instead engage in a useful and value-based way. Respond where there is more to be added to the discussion and always be respectful in your communications.

The same goes for social media conversations. Avoid pack mentality behaviour, don't be obnoxious, and most of all, express gratitude where it is genuine.

Over time you will begin to be recognised as thoughtful, generous and an expert in your field. Your name and image will become easily recognisable, which adds to the social proof factor.

7. Common SEO mistakes

To avoid making SEO mistakes, undertake an SEO audit of your website to identify potential errors or penalties so these can be addressed one by one. The idea is to tick as many boxes as possible. But remember that perfection is not an option – everything moves so quickly in SEO that what is deemed to be compliant one day may be penalised the next.

Here are a few of the more common mistakes I come across:

- Multiple URLs for a homepage – these pick up duplication penalties
- Missing metadata – titles or descriptions are accidentally left blank on many sites
- Metadata is too long – lengthy titles, a hundred meta-keywords, huge descriptions
- Slow page loading time – usually caused by plug-ins, poor site code, redirects, large image files
- Broken links – multiple pages go to a '404 error' page
- Robots.txt set up incorrectly – this tells search engines which pages they can or cannot crawl
- Unfriendly URLs – long URLs with lots of symbols or shorter URLs with ?p=144667 instead of keyword-based text
- No text above the fold – those images may be brilliant but they bring you

no value in search; you may as well serve up a blank page as the robots don't have eyes

- Confusing navigation – How intuitive is the design? Is it easy to find where you need to get to?
- Multiterritory sites with largely the same content on each – it's heartbreaking when a site disappears from search in the targeted country because of duplication
- No measurement tools in place – at the bare minimum, every website needs Google Analytics and Google Webmaster Tools; if you are not measuring your results, you will not be able to adjust your strategy to reflect what is working and what is not
- No content strategy – No blog on your website? No commitment to building your site authority by publishing quality content on a regular basis?

8. SEO tactics to avoid

Crossing the line and indulging in non-compliant SEO practices will get your site dropped or banned faster than you can say 'Webmaster Guidelines'.

Here are a few things to look out for:

- Cheap SEO services – you get what you pay for; low-quality SEO takes many months and a lot of money to repair
- Mass directory submissions – thousands of poor-quality link farms … just wrong
- Having all your anchors (links) saying your targeted keyword
- Comment spam – yes, we all hate it, and so does Google
- Automated search queries – don't do it
- Cloaking – White text on a white background? No!
- Keyword stuffing – repeating your keyword over and over, including in your metadata, headings, image optimisation
- Paying for links or selling links to pass PageRank
- Hundreds of outbound links from your page with very little content
- Too much advertising above the fold (unless you are Google, of course)

- Poor grammar and spelling mistakes
- Thin content that gives very little value

The winning SEO formula

To summarise where things are at with SEO today, 2012 was an extremely volatile year in search. Google really shook things up with multiple major changes to the algorithm[6]. The target was web spam and manipulative practices that gained high page positions in search for websites that did not deserve to be there. And Google was largely successful. Traditional link-building techniques are no longer valid, and SEO is now closely aligned with content strategy and social media authority.

As for 2013, here are the important considerations for a high-performing online brand this year:

- Technical compliance – constant monitoring and adjustment
- Keyword targeting – research and implementation
- Correctly optimised websites – metadata, headings, content, images
- An optimised content publishing and promotion strategy
- Link acquisition that involves earning rather than building links
- An evolved social strategy – high social media authority and reach
- A commitment to high-quality content and high-quality conversations
- Collaboration between your organisation's various groups – marketing, SEO, social media, content creation, IT, PR, graphic design and so on
- UX – user experience: it's all about your visitor
- CRO – conversion rate optimisation: split testing, calls-to-action, design tweaks, heat mapping, page layout changes
- Measurement, reporting and correction

Footnotes

1 video.seobook.com/google/matt-cutts

2 See post 1 titled 'Three ways to make sure that social media expert is really an expert' of this book.

3 searchengineland.com/facebook-graph-search-arrives-to-challenge-google-145216

4 support.google.com/webmasters/answer/1408986?hl=en

5 moz.com/blog/your-guide-to-social-signals-for-seo

6 moz.com/google-algorithm-change

POST 14

Why it is time to remove creative agencies from the production process

Posted 13 March 2013 by Darren Woolley

It is interesting how the conceptualisation or ideas phase and the production or implementation phase traditionally have been seen as a continuum. That is, the agency that is briefed on the project also carries out the project.

This dates back many years to when creative and production were first offered as part of the process of the agency selling media. What was the point of the client buying media and then developing the creative in-house, which was standard practice at the time, when the agency could provide this service as part of the media commission – with a little service fee added on top, of course.

This is interesting because technology and the demand for greater accountability for cost-effectiveness are continuing to change this view. More than a decade ago, major advertisers in the UK began to decouple production from the agencies. Television, print and later digital production were outsourced to production specialists who were more efficient than the agencies at delivering the outputs required.

There are two main approaches here:

1. Go directly to the suppliers the agencies have traditionally used – for example, production companies, post-production companies, print studios, digital workshops – and form direct relationships with them
2. Go to one of the growing number of transcreation companies, firms that adapt messages from one language to another without changing their style or purpose. These have appeared primarily in the UK and elsewhere in Europe, one such company being ICP[1]. But they are becoming increasingly multinational, in the mould of Freedman International[2]

Why decouple production from your agency?

There may be several reasons for doing this:

- Many agencies structure their remuneration so it relies heavily on the production process, which then helps subsidise the conceptualisation process (apparently no-one wants to pay for ideas). The associated costs can be high
- If you are a high-volume and especially a fast-turnaround advertiser (think retail, telco and financial services), there are economies of scale that are difficult to achieve with the agency alone
- The specialist transcreation companies have invested heavily in workflow and approvals systems to speed up the process and lower the overheads, so providing a lower-cost alternative
- You are using multiple agencies for ideas and conceptualisation so you can deliver economies of scale at the production end, consolidating with a single supplier

So which way do you go?

The answer to this question depends on your production requirements:

- Where is the majority of your production spend focused? Is it in a particular media production area, such as television or digital, or is it spread across all areas?
- What is the size of your spend? Is there enough to deliver the economies of scale necessary to make the decoupling process worthwhile?
- How cost-effective is your current production? Are your incumbent suppliers delivering the desired efficiencies for your spend?
- What is the nature of your spend? Is it creating new productions or is it largely working to templates or creating multiple versions?
- How centralised or decentralised are your production requirements? Are you a single market advertiser or do you develop executions from the core brand idea across multiple and diverse markets?

Case study 1. Decoupling television post-production

A telco client approached TrinityP3 for help because it was concerned about the increasing cost of its television production. We reviewed its past three agency-developed campaigns[3] and identified the heavy use of CGI effects as the main cost driver, with each production more complex than the last. By reassessing the proposed production spend and schedule for the coming year, we were able to develop a business case for decoupling the CGI and post-production from the agency. We then assisted the client with this process, which delivered a 27% saving on post-production costs.

Case study 2. Transcreation services across multiple regional markets

An Australian advertiser traditionally used an agency network to develop its primary domestic brand strategy and then customised the creative concepts to suit each of its Asia-Pacific regional markets. Invited to assist with its agency review[4], TrinityP3 worked out that a significant component of the incumbent's spend, especially in the regional markets, was production. In fact, the low agency fees in these markets were being more than subsidised by a higher-than-expected production cost. We developed a business model from our knowledge of the main transcreation companies and identified an initial 32% saving on production costs.

Case study 3. Off-shoring digital production services

A financial services company had several years earlier engaged a digital agency with off-shore capabilities to provide their digital build requirements. TrinityP3 was asked to review the process and costs of this arrangement[5] and identified that the off-shoring facility was underutilised. As the digital production spend had grown, the agency had continued to perform more of this work locally than off-shore. TrinityP3 was able to provide the client with a number of options, including a financial model for decoupling digital production to an off-shore facility that would reduce their annual costs by more than 50% in the first year, with no loss of quality or increased risk.

Choosing wisely

Of course, decoupling production from a creative agency is not for every advertiser. The process is time-consuming and can pose significant risks if it is poorly executed. But for those advertisers with the appropriate requirements, spend and mix, it can deliver significant savings.

Footnotes

1 icpnet.com/#axzz2jgG12UUv

2 freedmaninternational.com

3 trinityp3.com/monitoring-benchmarking/#6

4 trinityp3.com/agency-search-selection/#4

5 trinityp3.com/monitoring-benchmarking/#7

POST 15

How many billable hours are there in a year?

Posted 22 March 2007 by Darren Woolley

One of the criteria used when developing a resource-based retainer model is the number of hours one person could be reasonably expected to bill in a year. This becomes that person's 100% billable time level, or one FTE (full-time equivalent).

Take a year, which equals 52 weeks. In Australia, four weeks of that year are set aside for annual leave, so no billing there. Another two weeks, or more precisely, 10 working days, are allocated to (heaven forbid) sick leave. Then there is a week of public holidays (go on, count them up – most states/territories have around five). Suddenly we are down to 45 weeks of work a year.

So for how much time in an average week is it reasonable to bill? Thirty hours? Forty hours? Fifty? Sixty?

Remember, this is not about how much time a person spends at work. It's about how much of the person's work time is spent actively and productively on business. In other words, after discounting all the internal non-billable meetings, toilet breaks, general non-business discussions, internal administration such as time sheets and so on, how much truly billable, productive time is left?

Well, the generally accepted measure is 36 hours and 40 minutes, which equates to roughly 1650 hours a year (some people use 1600 hours). The lowest we have seen at TrinityP3 is 1200 hours a year and the highest is 2080 hours a year.

Why is this calculation important?

Let's say the agency is using 1600 hours as the benchmark and the end-of-year review says the person concerned did 1870 hours, or 13% over the FTE. Does this mean that 1.13 FTE should be charged? No, it just means that the person involved did not take their annual leave or sick leave and kept working at the same billable rate for 51 weeks of the year.

Or let's say the retainer is based on a group account director working at

100%, or 1650 hours a year, and they actually work 3060 hours. Does this mean that you need two group account directors on your business? No. It's more likely that rather than keeping a real time sheet, they just recorded work amounting to 12 hours a day, five days a week for 51 weeks. In any event, the work was done and the GAD did not get paid overtime, so it cost the agency no more. Besides, the problem in this case was not resourcing, it was a poor time-sheet process.

By understanding how FTEs are based on billable hours, you can start to interpret agency time sheets and resource utilisation reports.

POST 16

12 innovative media options you may not see proposed by your media agency

Posted 18 June 2012 by Darren Woolley

We constantly hear about the increasingly fragmented and complex media market. But how often do you see the innovative, outside-the-square advertising and media initiatives that this market is supposed to generate? In fact, is your media agency inclined to serve up the same old media plans they know you will buy, the one with television at the core and the mandatory digital one, with a couple of support media choices to provide the media multiplier effect and increase your reach and frequency?

At TrinityP3, our experience is that it's the latter. Often when we are engaged to undertake a Media Strategy & Planning Assessment[1], we find that the agency and the marketer will only consider a handful of tried and tested media options.

Last month, *Marketing* magazine[2] featured a 'niche, alternative or emerging' media option from the MediaScope directory[3]. The aim was to create an awareness of media that perhaps won't appear on research and data reports but which highlights opportunities to add reach, impact and value to a marketing and advertising mix.

Have any of the following ever made it into your media plans? If not, perhaps you should ask your agency why.

1. Airborne Advertising (aerial advertising)

Let Airborne Advertising create maximum 'sky-high' brand impact and a call-to-action through aerial advertising. Flying banners can be targeted directly at key events or locations, while skywriting displays are visible up to an amazing 30 kilometres away. This is a strong, clutter-free and engaging outdoor advertising option.

2. Golf ads (sports advertising)

Sports venue advertising comes in many forms. Reach a lucrative – mostly male – audience within an intimate setting through a growing network of golf courses along Australia's east coast. Advertising is available on billboards placed around tees, putting greens, clubhouses and driving ranges, as well as on scorecards and golf balls. Marketers can choose broad or local coverage to suit their geographic needs.

3. JetMax Media (airport and in-flight advertising)

Up, up and away! Reach targeted business and leisure airline passengers through a range of in-flight advertising options, including aircraft wraps, locker ads, in-flight TV and digital itinerary media. JetMax Media works with both Australian and international airlines and allows marketers to geographically target their advertising reach.

4. Risk Free TV (television advertising)

Pay-per-response is not just for online advertising. Risk Free TV helps produce a response-driven television commercial and then advertises your product or service on various TV stations at no cost. Marketers then pay according to a pre-agreed cost per lead generated. Could this form of low-risk, performance-based advertising fit into your marketing mix?

5. Myst Media (digital signage advertising)

Digital signage is a high-growth advertising category, with screens increasingly appearing at point-of-sale and other populated locations. Myst Media offers marketers the opportunity to reach consumers in a network of over 970 major service stations Australia-wide. Screens are placed in high traffic areas such as next to ATMs and shop entrances.

6. FBi Radio (community radio advertising)

Have you considered community radio as a marketing channel? FBi 94.5FM, established in 1995, is an independent, not-for-profit, community-based radio station broadcasting new music and youth culture across inner Sydney and the greater metropolitan area. It offers marketers a range of on-air and online options for reaching a passionate and loyal youth-based audience.

7. NapkinAd (ambient media advertising)

A broad range of ambient advertising options is available to marketers that offers impact and high engagement. NapkinAd is one such alternative. It prints and distributes branded luncheon napkins throughout a growing network of food outlets within major Australian CBD, food court and shopping centre locations.

8. Easy Weddings (dating and wedding advertising)

Each year in Australia there are over 116,000 weddings, with the industry generating over $2 billion per annum. Easy Weddings is an award-winning, independently owned site that reaches active brides-to-be, offering them a range of resources, tools and guides to help them plan and purchase for their big day.

9. Contagious Network (social media advertising)

Word-of-mouth is a proven marketing method which can now be driven through various social media platforms. Brands can effectively change consumer attitudes and behaviour and influence purchase decisions. Contagious Network identifies targeted brand supporters, and implements and then measures a brand's social word-of-mouth activity.

10. 1688.com.au (ethnic and multicultural advertising)

Does your advertising and marketing reach Australia's diverse and vibrant ethnic communities? The Chinese community is one of the largest and strongest-growing groups in Australia. 1688.com.au[4] provides Chinese Australians with relevant online updates regarding news, current affairs, sport and lifestyle information.

11. The Yellow Envelope (direct mail and insert advertising)

Reach over 5.5 million individual households or create local area by-postcode marketing campaigns through this unique envelope pack, which contains a selection of non-competing advertising messages and offers. The Yellow Envelope packs are delivered through Australia Post and offer high in-home penetration and measurable results.

12. Icy Media (ambient media advertising)

How's this for a unique ambient advertising solution? Over 40 million ice bags are sold annually in Australia through outlets such as bottle shops, service stations & supermarkets. Icy Media offers marketers the opportunity to target your brand, product message, competition or redemption offer within this unique and cost effective platform.

Time to get innovative

If the same old, same old is still getting served up by your media agency, you could try one of the following:

1. Engage TrinityP3 to undertake the Media Strategy & Planning Assessment referred to earlier in this post
2. Check out the thousands of concepts on the MediaScope directory and challenge your agency to come up with more innovative and creative media ideas

Footnotes

1 trinityp3.com/monitoring-benchmarking/#4

2 marketingmag.com.au

3 mediascope.com.au

4 1688.com.au/index.shtml

POST 17

Media negotiations and media buying benchmarking

Posted 9 December 2011 by Darren Woolley

One of the many services TrinityP3 provides to clients is media buying benchmarking[1]. Our methodology looks at the discount rate as well as the added value negotiated on behalf of the advertiser by the media agency in the context of the media strategy. The purpose of this service is not just to benchmark the agency's media negotiation and buying but to also diagnose the cause of underperformance in this area.

Annual contractual negotiations form the basis of every advertiser's leverage in the media buying market. They ensure that the full weight of anticipated media billings is used to negotiate advantageous rate positions with each media proprietor. Whether performed as a two-stage or three-stage process, as described below, the most important incremental values in terms of rate discount and added value aspects will be garnered during these negotiations, allowing the recognition of advertiser commitment.

In the media buying market, as in most markets, volume speaks terms.

Television rates

In the case of television, there is a clear three-stage negotiating process that the media agency conducts on behalf of each of its clients.

Stage 1: The media agency's (or buying group's) size sets the initial discount off the base rate, usually known as the 'ceiling' for agency-based advertisers. In the current market, this discount is typically between 15% and 20% off the market 'casual' rate (variable on a network-by-network basis) and it becomes the media agency's 'base' rate for their client advertisers.

The clout that is used to leverage this negotiation comes from the combined volume represented by all of the media agency's (or buying group members') advertiser clients.

Stage 2: Each advertiser's individual spending volume then comes into play, as the client-specific discount structures are set based on individual volume or share. At this stage, a number of added-value aspects will also be built into the client-specific benefits, including such things as bonus spots, sponsorship opportunities and position-in-break levels.

This second level of negotiation sets the individual client's rate structure for the buyers to use. It is therefore the most definitive measure in terms of the relative benefit that accrues to each advertiser compared with other competitive advertisers.

Stage 3: The actual rate paid on a campaign-by-campaign basis is the result of the leverage the advertiser's buying team can bring to bear on top of the first two discount levels. This occurs in the context of the then-current market conditions, lead times, placement strategies and a range of other variables that can affect the way the advertiser's media is bought. Naturally, this process means that the 'final' rate position can vary depending on a range of seasonal, process and market factors.

In all cases, the rates that apply to the advertiser's business are 'net' rates (these may include a rebatable media commission). They reflect the deal negotiated on the advertiser's behalf with each television network during the second stage, as described above.

At this point, it's worth mentioning 'space farming'. This refers to a situation in which the media agency negotiates a rate 'floor' for themselves that they then mark up for each client, depending on their volume and the remuneration deal they have struck. This practice is illegal in Australia. And while it may still occur overseas, it is virtually unheard of in today's market.

Other media

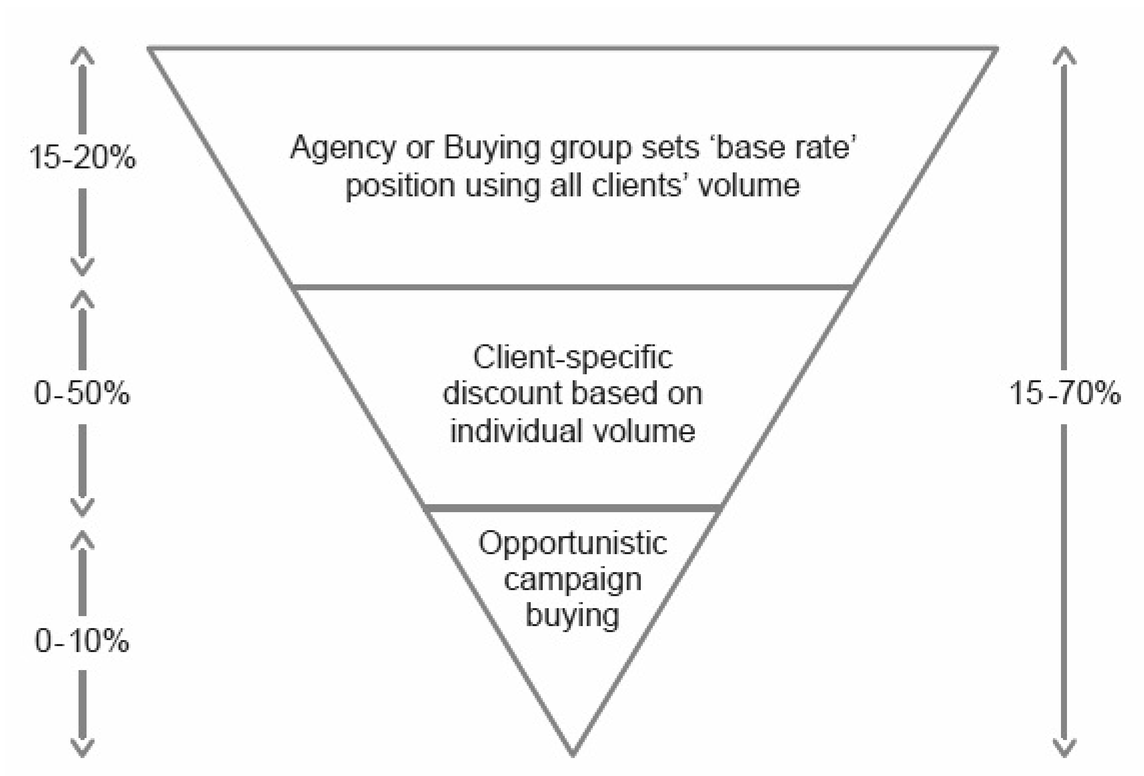
The complexity and competitiveness of the television market, and the generally high volume of spend in this medium, means the above trading philosophy works well for media buyers and advertisers. The inherent volumes of the media agencies or buying groups bring strong negotiating leverage to the initial deals, and this flows on to the individual advertiser client negotiations.

Other media generally lack the volume and complexity to drive the agency or group deal level, so in most cases, the process basically reflects the last two stages of the television negotiating process described above. However, in these circumstances it is clearly even more important that the initial contract negotiation is handled effectively. This will ensure that each advertiser derives the maximum benefit from their individual buying volumes, as well as the best possible rate and added-value deals.

Here again, these contractually based rate structures become the 'apples with apples' comparative measure between advertisers as they provide the basis on which each market buy will be predicated. As with television, seasonal and market conditions may vary the final 'rate paid', but it will be in relation to the contracted rate.

Successful benchmarking

There are several different ways to benchmark media buying efficacy. But a key advantage of our approach is that it allows us to provide advertisers with a metric on current media negotiating and buying performance, in the context of their current media strategy. We move beyond the relatively one-dimensional approach involving cost alone – for example, CPM – to provide the identification of opportunities for greater value.



Footnotes

1 trinityp3.com/monitoring-benchmarking/#5

POST 18

How to build effective marketing workshops

Posted 8 February 2013 by Andrew Armour

I have worked on the agency and client sides of marketing for over 20 years. A swift back-of-the-envelope calculation tells me that, since the early 1990s, I have likely attended more than 500 marketing seminars, forums, workshops and planning sessions. In addition, I estimate that I've personally built and led perhaps a further 200 of these for my own projects and those of clients too.

My recollection and assessment of individual sessions is mixed. Some were great and others are best forgotten. A few stimulated and inspired me, my team and my clients, and were the catalyst for marketing success. But many unfortunately dragged on and deflated and disappointed those involved.

What was the difference between the good and the bad? How do you build an effective marketing workshop? Perhaps, though, you're wondering why you should run a workshop at all when we have voice conferences, email and IM. In an age of social media, unified collaboration and videoconferencing, why are marketing forums, seminars and other group activities still in use?

The best marketing professionals are increasingly working outside of their traditional departmental vacuum, coordinating activities within networks built across sales, finance and IT colleagues, agencies, suppliers and partners. Marketers now have the chance to be true mavens within and outside their organisations, linking and building data, insights, ideas and opportunities.

Now while new tools and software may help with some aspects of collaboration and project work, the role of human interaction and personal connection is more valuable than ever. As the CTO of a leading UC software developer told me when I interviewed him last year, 'face-to-face contact is still the ultimate communication'. At a time when much of our communication is so quickly updated, scanned, shared and clicked – as well as ignored and deleted – the time spent with people one-on-one or within a group is when the 'real work' begins. A constant theme in great teams is the high level of rich, informal and deep communication, and subsequently the shared understanding of goals and missions.

In 1997, Kevin Kelly, the great editor-at-large of *Wired*, famously said: ‘The only factor becoming scarce in a world of abundance is human attention’. Kelly was right when he said those words, in the time before social media, and his comment is even more relevant today. Technology is an adjunct to, not a replacement for, genuine face-to-face human contact. And for that reason, good marketing workshops, seminars and conferences remain valuable.

So what is it that makes some workshops soar while others flop? Is it the content? Is it the host or the participants? Or is it the quality of the coffee and those little biscuits?

After thinking about what I have seen during my career – not just what has worked, but just as importantly, what has failed – I’ve come up with a checklist of seven rules for building effective marketing workshops, to help guide you when you organise your next marketing workshop.

1. Narrow the focus

You could, if you chose, build a half-day session that covers some fun team building, strategic planning, sales analysis, innovation and service development, and quarterly budgeting. Then you could add a quick brainstorm for that new digital campaign and go on to discuss the new IT system security protocols. And then you could review the new governance and structure, and explain why the new sales director left under mysterious circumstances …

You get the picture. The marketing axiom ‘Good things happen when you narrow the focus’ still holds true – for a brand, for an individual and for effective meetings and workshops. Of course, some topics and themes naturally relate well. But if your workshop tries to do everything for everyone, it will ultimately fail to provide a clear message, drive or output for anyone.

Mother was right: less really is more. If you want your workshop to resonate and be memorable, then focus it on a maximum of three key themes or topics.

2. Have an end in mind

When planning your workshop, building upon the focal point, start with an end in mind. Rather than drafting agendas for the day, identify the kind of output you want to see afterwards. Determine the desired changes, actions, follow-ups and new work strands. What key points can be taken away? What new conversations can be launched?

3. Less lecturing, more engagement

Nobody really likes being lectured. If you have important factual information to share, then other channels – email, internal blogs, packs, briefings, presentations – are simpler and better. Or you can adopt the approach that Google, Apple and others use and send the rich information to session attendees in advance, so they can get up-to-speed with the detail in their own time rather than through your explanations.

Workshops and marketing meetings with colleagues, agencies and partners are a chance for you to start the right conversations, not to dominate the discussion (see rule #5). So do not waste this opportunity by running through pages of granular details and theory. You're a marketing practitioner, not an academic presenting a great work to target a Nobel prize. Seek to engage.

4. Use bite-sized chunks of good content

The most referenced research on the attention span of adults was conducted by F Percival and AH Johnstone in the mid-1970s. Their seminal work suggested that the average undergraduate could only concentrate in a seminar for a mere 12–15 minutes, and that even those with the best concentration could focus properly for just 20 minutes. The researchers recommended breaking up learning and discussion work into short, punchy sections.

So no matter how exciting and captivating are your ideas, jokes, research, brand, campaign, product or innovation, always remember this point: your audience needs bite-sized chunks of content.

How do you do this when you have a lot to cover? The creative 'law of three' is a good place to start. Your workshop, be it a half-day or full-day meeting, should be structured to have a clear beginning, middle and end. As each hour divides neatly into 15- or 20-minute sessions (remember that attention span …), you can build into each hour three or four sections with different elements. The famous TED-style '10-20-30' rule for effective presentations (10 slides – 20 minutes – 30+ point font size) is sound advice too. So, for example, you could start the hour with a 15-minute video to set the scene, followed by a 10-slide, 15-minute presentation from your research agency, then a carefully facilitated 15-minute MarketingCafe[1] exercise to allow the team to discuss potential impacts and opportunities.

5. Start conversations, don’t finish them

Many marketing workshops focus too much on the act of solving. Marketers have become addicted to quick solutions and decision-making, to proving their value in a whirlwind of activity. In the haste to show how good they are at driving progress and ‘launching’ something, the all-important steps of divergent and convergent thinking, inquiry and curiosity are missed.

Commentators such as Stefan Lindegaard[2] have pointed out that innovation is often lacking due to an obsession with working too quickly, which results in the delivery of a dud. A successful marketing workshop may be the only opportunity – and the precious time – your team gets to build the right foundations. It is a chance to ask the right questions and listen to different answers. With greater market complexity and change, there is a need to acknowledge that not everything can be sold quickly by a lone marketing hero with one report, one brainstorm and one brief.

I believe that *conversation is the medium where value is created*. Creativity, relationships and good marketing thinking are based on continual, iterative conversation. Use your workshop to start talks, not to finish them.

6. Change that tone

Good creative work, entertainment, stories and workshops use changes in style, tone and atmosphere to maintain engagement and stimulation. The best jokes have elements of darkness, and romance often contains drama, hope and humour. The best workshops shift their tone too.

A well-planned workshop will carefully mix elements of energy, lightness, positivity and humour with moments of deep concern, insight and the raising of complex issues. Shifting the tone is a powerful way to engage. It is OK for people to reflect on things, to feel edgy, nervous, confused and concerned about their product, market, brand or project. You just need to balance that dissonance with activities, upbeat ideas, confidence and positivity.

7. Get your workshop professionally planned and facilitated

In 75% of cases, you can probably run a workshop yourself. But if it is a vital opportunity, a critical moment, then consider having your session planned and delivered by an experienced facilitator. It will help you deliver more.

This is because, firstly, a good facilitator will take an objective view of your aims and provide new thinking, techniques and tactics to freshen up your workshop approach. They will also free up your time by taking care of planning and sharpening up the session for you.

Secondly, using an external facilitator immediately changes the overall dynamics and feel of the event from the participants' perspective. It reinforces that this is not your average weekly briefing, project status session or monthly all-hands meeting. Simply by having a third party facilitate the workshop, expectations are raised.

Thirdly, as an outsider with no personal agenda or baggage, a facilitator is often better able to introduce sensitive questions, topics and ideas. This is important because often the difficult conversations are the most significant ones, and they are best initiated by a third party who does not have an axe to grind.

Finally, not having to host and facilitate the workshop enables you, as a leader, to contribute to discussions and work closely with others. It is an opportunity to become attuned to the opinions and suggestions of your team, customers, agency experts and important partners.

Effective meetings

The American humorist Dave Barry once said, 'If you had to identify, in one word, the reason why the human race has not achieved, and never will achieve, its full potential, that word would be "meetings"'.

Dave is right. Poorly managed meetings and workshops can indeed be slightly better than useless. But they need not be. With a bit of thought and work, and the right coffee and biscuits, they can be great.

Footnotes

1 benchstone.co.uk/What-we-do/Marketing-Cafe-Workshops

2 innovationexcellence.com/blog/author/stefan-lindegaard

POST 19

The world’s worst advertising agency scope of work

Posted 14 May 2012 by Darren Woolley

I know that no-one except lawyers, and some procurement people, enjoy reading contracts. But in fact, contracts are interesting and important documents as they define the terms and conditions of a relationship between two parties.

My legal friends tell me that most litigation is due to disagreement over interpretations of contract language and the consequences and implications of those interpretations. So imagine my surprise and horror when I was asked to review a current agency contract worth several million dollars which defined the scope of work of the agency as follows:

> *To provide the strategic, creative and production implementation to fulfil the advertising requirements of the <company> as directed by the Marketing Department.*

While it is short and simple, and could be seen as an excellent description of the services the agency is to provide, it is no ‘scope of work’[1].

Firstly, the alleged scope of services to be provided is too broad. How can the agency possibly know what types of resources are required in an increasingly complex marketplace, one in which general terms like ‘strategic’, ‘creative’ and ‘production’ can mean anything from advertising, experiential and digital to sales promotions and direct marketing?

Secondly, there’s no defined quantity in the scope. How can the agency resource the right level and mix of resources without understanding quantity and the timing of the requirements? Will the marketing manager need fewer senior resources or more junior resources? And how will they resource for the peaks and troughs in the marketing plan?

And finally, there’s no correlation between the fee and the outputs. As the marketing requirements increase, how do you draw a correlation between the level, type, mix and cost of resources to deliver the increased scope? This is the primary failure of a lack of defined scope.

Footnotes

1 See post 2 titled ‘Defining the scope of advertising agency services to determine compensation’ of this book.

POST 20

The importance of overhead in agency compensation

Posted 14 July 2011 by Darren Woolley

There are a number of variables involved in the most common head hour or cost-based agency compensation[1] models: salary costs, billable hours per year, overhead and profit margin. Most of these are usually contested in negotiations, but one is often overlooked and is by far the least understood: the overhead factor[2].

This can be a significant problem. Miscalculating the overhead factor, or incorrectly allowing for this in the compensation negotiations, can have a dramatic impact on the agency's profitability and sustainability.

Salary costs are divided into two types: billable salaries and non-billable salaries[3], with the non-billable component included as part of the cost of business. The overhead is expressed as a percentage of the cost of business according to the billable salary cost. So if the cost of business and the salary cost is the same, the overhead is 100%; if the cost of business is half the cost of the billable salaries, the overhead is 50%.

So what is the standard overhead rate? Well, it is impossible to prescribe an overhead rate because it is a factor of the cost of business, which obviously varies by location, cost of living and salary levels. Markets with low salary rates and a high cost of living, such as real estate, have a higher overhead rate than those with high salaries.

For creative agencies, we typically see overheads range between 80% and 120% of billable salary costs. Interestingly, one of the factors influencing the overhead rate is the size of the clients' business, with larger advertisers enjoying lower overhead rates at the expense of the agency's smaller clients. Often, higher overhead rates are found among media agencies, which have significantly higher up-front costs of business. These include investment in proprietary media research and the cash reserves required for buying media on terms.

We have seen situations where lower overheads were obtained due to the client providing some of the cost of business. This has been most notable where the agency has been afforded office space (including utilities) within the advertisers' premises, which provides a significant reduction in business costs for the agency. But more often than not, we have seen overheads (and profit) become the focus of tender negotiations. This is usually because, unlike salaries and resources, overhead is a single metric and so is vulnerable to competitive pressure.

Sometimes when we've discussed this with procurement professionals, they have gloated at the 'result' they have achieved in negotiations, with agencies yielding overheads of 50% or less. But taking the overhead and profit out of context like this makes the numbers meaningless. The overhead factor is a definable financial metric. When agencies accept a multiple that is lower than their business cost, it means that their overall compensation is also reduced, often to the point where it is financially unsustainable – that is, unless the agency is able to reduce salary costs, which means lower-quality staff, or increase revenue in other, more vulnerable areas such as production, or at the expense of other agency clients.

I remember a conversation with a CFO who said that by removing many of the costs from the agency overhead, such as staff and business development, network fees and the like, they were able to reduce the agency fee by almost 15% – an outcome that made him happy. This from the same organisation whose marketing team were constantly complaining about their agency's high turnover of staff, disputes over production fees and the difficulties in getting senior resources onto their business.

It put me in mind of a biblical proverb: 'As you sow, so shall you reap'.

Footnotes

1 trinityp3.com/strategic-alignment

2 trinityp3.com/2010/03/what-is-included-in-the-overhead-when-calculating-the-agency-retainer

3 trinityp3.com/2010/04/should-the-agency-ceo-managing-director-be-in-the-agency-retainer

POST 21

Five things that will make your company strategy stick

Posted 17 December 2012 by Shawn Callahan

The nature of the successful strategy is changing. Today, a company's success depends in large part on how deeply its strategy is understood and embraced. This understanding and acceptance gives an organisation the ability to learn and adapt to changes faster than its competitors. It becomes more agile[1].

While most companies expend considerable effort and resources on creating a strategy, few focus on the fundamental question, 'Do we have a strategy that will be understood and embraced?'. Or to put it another way, 'Do we have a strategy that will stick?'.

There are many things you can do to make a strategy stick. At Anecdote[2], we have a 12-month program that helps participants to achieve this result. But some strategies are just better than others from the moment they come out of the strategic planning gate. Here, we will examine the stickability of the new strategy.

There are a number of factors that reduce the chances that people will understand or believe your company strategy:

- If it's longwinded, it will be forgettable
- If it's merely a task list, a series of dot points, it will be forgettable
- If it's abstract or ambiguous, it will be forgettable

We all know this. These are the obvious mistakes. But less obvious are the factors that will *increase* the chances that your strategy will be understood and embraced.

Here are five things that will help your strategy stick.

1. A meaningful purpose

The executive team sat around the boardroom table. They'd reached an impasse. Half the group felt the company's purpose was merely to return value to its customers and shareholders. The other half thought the company existed to provide a financial safety net for its clients' families during the toughest times. In the end, they compromised and said it was both, instantly reducing the potential impact of their strategy.

Purpose is the bedrock of strategy. If employees don't care about their company's purpose, they are unlikely to invest any energy in understanding it, let alone believe it.

A strong purpose, one that everyone is proud of, one that has meaning beyond merely making money, helps make your strategy stick.

2. Clear, bold moves

Companies have gotten into the habit of believing that a strategy is a vision, a mission, with values and strategic objectives or goals. But as strategy guru Richard Rumelt[3] makes clear, this alone is a recipe for a bad strategy. A good strategy requires strategic choices, or what we call bold moves.

Objectives such as 'Great place to work' or 'People engagement' are not bold moves. Rather, employees want to know, in broad terms, 'What are we going to do?'.

A case in point was when the natural resource giant BHP Billiton shed 'all parts of the business that weren't natural resources'[4] – a bold move. It sold its steel business, its IT consulting division and its fleet of vehicles, among many other things. Its goal was to focus on being a leading global resources company, and it was willing to make bold moves to achieve this.

Strategies with clear, bold moves are more likely to stick.

3. You can feel it

Even as a boutique consulting firm, we still take ourselves through a strategy creation process every three years. In fact, we've just finished the process of creating our new strategy, and I have to say that, while considering our next bold moves and where we want to get to in the next three years, I had a knot in my stomach, a mixture of excitement and trepidation. We were facing a real challenge and I could feel it – it was palpable.

Humans are hardwired to notice differences. If a strategy is just 'more of the same', then it's likely to remain unnoticed. On the other hand, a strategy that evokes an emotion will grab our attention and we will want to know more.

We remember what we feel. A strategy that triggers an emotion, that make us feel it, is more likely to stick.

4. In sync with leadership behaviour

People have finetuned bullshit detectors. If a company strategy says, for example, 'We are going to embark on a strategy of collaboration', but every single employee knows that their leaders have never demonstrated a single collaborative behaviour, then those people are highly likely to dismiss this strategy as BS.

However, if a strategy is in sync with what we know is the character of our leaders and the culture of our organisation, it becomes plausible. For example, when IBM took the bold move of leading with IT services, the history and capabilities of the company supported its strategy. It was a plausible story.

A strategy that is aligned with and reinforces the ingrained behaviour of a company's leaders is more likely to stick.

5. Can be shared as a story

A strategy that can be shared as a story is more memorable and meaningful than a collection of dot points or abstract statements like 'We will provide branded products and services or superior quality and value that improve the lives of the world's consumers, now and for generations to come' (from Procter & Gamble).

Converting your strategy into a story has three other benefits:

1. The story explains why particular bold moves were chosen
2. It's easier to retell a story than a series of dot-point arguments, no matter how well honed they are, so it's more likely it will be shared across your organisation
3. A story can be expanded or contracted depending on the audience and the time you have available

Wrapping your strategy in a memorable story will help make it stick.

Footnotes

1 hbr.org/2011/11/the-great-repeatable-business-model/ar/1

2 anecdote.com

3 hbr.org/web/slideshows/the-50-most-influential-management-gurus/20-rumelt

4 randomhouse.com.au/books/robert-macklin/the-big-fella-the-rise-and-rise-of-bhp-billiton-9781741667110.aspx

POST 22

What is included in your advertising agency overhead cost and what is not?

Posted 31 August 2012 by Esther Selvanayagam

An area of agency remuneration that often creates confusion for marketers, procurement and even agencies is the calculation of the agency overhead[1].

Overhead is the indirect cost of business and is usually presented as a percentage of the direct salary cost. Agencies traditionally had overheads of 100% or higher. That meant that for every dollar of direct salary cost, the overhead was a dollar or more. But with greater efficiencies of operation and the competitive pressure of the marketplace, the overhead has fallen.

While disagreement can arise between procurement and the agency regarding the overhead level, the real confusion tends to concern exactly what is included in the overhead.

What is in?

It is generally accepted that overhead includes indirect business costs that are incurred in the day-to-day running of the agency. However, where they are discretionary costs, they should not be unreasonable or exorbitant in nature. If they are, then they should be omitted for the purposes of calculating overhead.

What is disputed?

Some clients may expect some indirect salaries (finance/admin/legal) and indirect time of management where they work on corporate matters, as well as indirect time of direct staff, to be excluded from overhead. However, agencies should include these factors as they are genuine costs incurred by the business. The other area of dispute centres on what constitutes an exorbitant or unreasonable amount of discretionary expenses.

What's not included?

- Severance entitlements
- Bonuses that aren't a part of annual remuneration; for example, sign-on bonuses, discretionary bonuses, LTI, profit sharing, stock options
- Cars
- Any expenses incurred specifically for other clients; for example, training for a client, entertainment spent on other clients
- In-house entertainment
- New business costs, where they are non-recurring or extreme
- Donations, charity contributions
- Fines, penalties, damages
- Gifts
- Extraordinary items; for example, M&A, bad debts, relocation, loss on sale, cost overruns
- General market/media research costs

Footnotes

1 See post 20 titled 'The importance of overhead in agency compensation' of this book.

POST 23

Advertising's slow road to value-based pricing

Posted 23 January 2013 by Jon Manning

As a pricing consultant, I am frequently asked by companies from all sorts of industries to assist them in a move to value-based pricing (VBP). These companies tend to be acting proactively and initiate the process themselves. So what is VBP and why are many companies keen on embracing it?

VBP is where a company monetises part or all of the economic value it creates for its customers. The economic value is created by the vendors' products and services increasing the client's revenue, reducing their costs or minimising their risks. These three sources of value are not necessarily mutually exclusive: some products can both increase revenue and reduce costs, for example.

One of the reasons most commonly cited by companies for shifting to VBP is that their customers don't buy from them because of what it costs the vendor to provide the product or service purchased. Rather, the customers buy from them because of the value they receive. If the research is to be believed, then the 70–80% of companies that resort to cost-plus pricing are doing so based on a dimension that their customers just don't care about. Or to put it another way, cost-plus pricing (like billing by the hour) is based on inputs, while VBP is based on outputs.

VBP requires vendors to have an understanding of their customers' value chain and value-creation process. This is achieved via long-term, sustainable relationships rather than the odd transaction here and there. As a result, VBP is more holistic than alternative methodologies. It enables companies selling goods to monetise the services involved in the provision of those goods, while enabling service companies to shift their focus to the provision of solutions.

The majority of companies I work with want to move to VBP[1] so they can become the 'price maker' in their industry and reap the rewards that go with wearing that crown. Such a move also helps differentiate them, particularly in industries that are being commoditised or disrupted.

Which brings me to the advertising industry. It is one of two major industries (the other is professional services, such as lawyers, accountants and the like) where customers are demanding a shift to VBP because the industry itself is refusing to go there.

This is not a situation you want to have forced onto you. It will catch you off-guard and you will inevitably make the mistakes that come with not planning ahead but instead being reactive to customer needs. You will be a commoditised 'price taker', constantly being beaten up by powerful procurement managers.

Perhaps more worryingly, there is a huge risk of polarisation across the advertising industry. Those who can provide value-based advertising solutions to customers will command premium pricing. For everybody else, there will 'commoditisation hell'.

Footnotes

1 economist.com/node/13649160

POST 24

Why do so many agencies take on revenue at the expense of profit?

Posted 20 February 2013 by Nick Hand

A couple of weeks ago I was reading an article about why Apple decided not to enter the netbook market – you know, those tiny, ultraportable and inexpensive laptops that threatened to take over the personal computing universe but quickly disappeared once the iPad and its like entered the market. Clearly, Apple had already committed to the iPad. But more pertinently, Apple prefers profit over revenue.

Through fierce competition, the profit margin on netbooks became so low that Apple would have had to play the market share game along with every other manufacturer. And that is something Apple doesn't do. It is a company that would rather make $10 billion from 10% of the market than $1billion from 90% of the market.

So that got me thinking: Why do so many agencies choose revenue over profits?

Nothing breeds success like success

With a few exceptions, most large advertisers like to be serviced by agencies that service other, similarly large advertisers. Now success in a competitive pitch for new business depends on many factors, but price will be the biggest determinant if capability and fit are equal or thereabouts between the contenders. The fact is that agencies have been 'buying' high-profile clients since deregulation. I'm not saying it happens every single time, but it never ceases to amaze me how many quickfire wins in succession an agency can experience after news of that initial big triumph hits the trade forums.

Improving an agency's morale and reputation

If it is true that success breeds success, it is also true that a couple of quick client losses in succession can see the agency's remaining clients become nervous, and staff become worried. I defy any agency to come out and say they have never bought a client to stem the tide when faced with this scenario.

Taking a short-term view

One of the great dichotomies of the modern business world is that investors are advised to think long term but business managers generally think short term.

Globally, agency management tends to ask for around 20% growth year on year, whether market conditions warrant it or not. In emerging markets this might be fine, but in mature markets like Australia, North America and Western Europe, this is a tough ask. The rise of digital media has largely been at the expense of traditional channels, and for an agency to 'sell more widgets' under most current remuneration structures requires more people, and therefore more clients – there are few economies of scale to be had.

Getting more clients generally means pinching them from someone else – increasing market share in a market that is barely growing, if at all. So often, the agency (again) buys clients cheaply, temporarily fulfilling the parent company's expectations. Then when things turn sour – the profitable clients scale back activity and spend, and the 'bought'(and so unprofitable) clients scale up – growth slows or goes backwards, and the incumbent agency management gets shown the door. New management comes in, wastes 12 months spending money and shaping things the way they want them, and the whole process starts again, all from the same flawed base.

Covering excessive overheads

Many friends come to me for advice on how to budget better. They tell me: 'My first job out of uni paid $30,000 a year and I had more money left over at the end of the month than I do now, earning five, six or seven times that!' It's true. Over the years, notwithstanding mortgages and kids, we have tended to raise our standard of living to match our increased income.

It's too easy for business to fall into the same trap: a couple of extra account directors who only get 75% utilised; a hip and trendy (read: expensive) new office fit-out to attract good talent; an investment in two new (senior) digital people, of whom it's said, 'We're not quite sure how to monetise what they offer, but it's bound to be a goldmine when we do' … and the list goes on.

The bottom line is that the beast needs feeding, and chasing cheap revenue is often the only way to stop the agency from going backwards.

Improving an agency's standing in industry journal 'league tables'

An agency's ranking in these probably depends more on the agency CEO having a good PR machine, or having a regular golf outing with the editor of said publication. But I imagine there do need to be some revenue wins along the way to lend the whole thing some modicum of credibility – and probably the bigger the better!

Unfortunately, though, in the long run, agencies and advertisers alike suffer when these scenarios play out.

Only a short list

The truth is, there are many more reasons for why agencies give the nod to revenue over profits. I just didn't have time to write them all down!

POST 25

Are we mixing up creativity and innovation?

Posted 28 June 2013 by Andrew Armour

Everyone is a creative and everyone wants innovation. At least, that seems to be the case if you read any business magazine or scan the business shelf in the airport bookshop. Does any executive dare not support the drive for new ideas, change and creativity? Modern marketing leadership seems to be all about the ability to manage innovation. As Paul Adler wrote in 2011: 'Today, reliability is no longer a key to competitive advantage. The organisations that will become the names of this century will be renowned for sustained, large-scale, efficient innovation'[1].

In a similar vein, Nilofer Merchant[2], in her excellent book *The New How*, argues that modern strategic leadership is now less about command, control and competitive advantage – a concept she says is now dead – and more about harnessing creative work, talent and collaboration:

> *To be successful, you need to facilitate two things. You must enable and then encourage people to step into their roles as co-creators of solutions. You will need to help your entire organisation to think more strategically. Your ability to do these things forms the centrepiece of your new approach to leading.*[3]

Yet most businesses struggle to be genuinely creative, to be progressively innovative, to be truly original. And despite the claims in all the courses, books and management presentations on offer, innovation is easier read than done. As Scott Berkun says in *The Myths of Innovation*[4]: 'Reading a book on innovation is passive and safe. Putting it down and starting a project is active and has risks. No matter how many books you read, this will never change'.

The notion of an original creative idea is inherently linked to the concept of innovation; indeed, there is often a blurring of these topics. But is that right? Does every innovation require truly creative ideas? Much of the research suggests otherwise. A lot of successful innovation is built upon entrepreneurship, an open culture and incremental, systematic progress rather than radical leaps and creative breakthroughs from maverick geniuses. The problem is that a cunning fix developed in a moment of crisis is often viewed in retrospect as a highly creative, pioneering bit of work.

A famous example of such cleverness involves *Star Trek*. Originally, for each episode of the television series, it was thought that Captain Kirk and other *Enterprise* crew members would use a little space shuttle to travel down to a newly encountered planet. However, once the show was in production, its creators discovered that the model-making and animation this required was too complicated and expensive – the series faced disaster with the pilot episode barely complete. The solution? The writers and the production team came up with teleportation[5], and Mr Scott subsequently built a career around beaming people down from his ship and (most importantly …) beaming them back up.

The idea for the legendary transporter arose not because *Star Trek's* writers were being great science fiction creatives but because it was the cheapest and smartest option for fixing a problem. Necessity can indeed be the mother of invention – even for Captain Kirk and the starship *Enterprise*.

Of course, such ideas still require an individual's creative spark to get the fire going – someone has to start it. However, as Brian Fitzpatrick (chief engineer at Google) puts it in his book *Team Geek*[6]: 'Working in isolation leads to disappointment'. No matter how good the idea or how smart you are, creative delivery more often than not requires getting others involved. And increasingly in the context of 'open innovation', those vital connections occur not just across the business but outside of it too, with partners, specialist suppliers and others.

So how do we balance the need for a creative individual versus the need for collaboration? How can you avoid becoming the creative genius who is working alone in a shed, performing for an audience of one? And just as importantly, how do we prevent the horrors of corporate groupthink, which delivers average ideas that have been approved by numb committee?

Recently, I met with Gordon Torr[7] to discuss his excellent book *Managing Creative People*[8], in which he addresses a lot of these questions. Torr is well placed to suggest answers. Starting in his native South Africa, his career saw him lead international campaigns for JWT across the world, managing the teams behind creative advertising work for brands such as Diageo, Ford and De Beers.

Unlike some commentators and those responsible for the lighter business book reads, Torr does not believe that everyone can be creative. He also criticises the abuse of brainstorming and other mechanistic systems to ‘manage creativity’. Most importantly, Torr makes it clear that there is a big difference between an original idea, which has to come from an individual, and any innovation, campaign work or implementation, which may need collaboration. As he puts it: ‘Creativity is about turning money into an idea. Innovation is about turning an idea into cash’. Which is perhaps the simplest, most useful explanation that I’ve heard.

Torr does not shy away from criticising the role of corporate media companies and their approach to productising creative work either. Likewise, he agrees that a lot of great creatives can be a right pain in the butt to deal with. He is honest. And his experience in delivering advertising, planning and production means he is also a pragmatist. While he rejects the notion of big creative teams developing an idea, he recognises that small, smart, creative partnerships can deliver great work in a climate of support. As he says in his book: ‘Creativity works best when individuals or small groups are empowered by patronage. Sometimes patronage is bestowed. Sometimes it has to be demanded’.

Torr sets the bar high. He is the kind of creative director who would reject work that was just ‘OK’, or thinking that was ‘alright’. And so, over a coffee at the Adam Street Club in London, I began our conversation by asking him about the C-word …

What about the C-word?

Andrew Armour (AA): In your book *Managing Creative People*, you explore the topic in a very broad perspective, from art to psychology and from skill to branding etc. But have you missed one vital ‘C-word’? I’m thinking ‘Conversation’. What is the role of personal dialogue and conversation in the creative process?

Gordon Torr (GT): It’s definitely a kind of conversation. But it’s not one where you find yourself having to explain yourself. In a good creative relationship, you kind of know exactly what the other person is thinking, even if to other people that conversation is incoherent.

AA: So what’s going on?

GT: It's bouncing off ideas. It's kind of a magical process, especially if the disciplines are different. The writer would be hearing something but an art director is seeing something. And they are sharing cultural references. It's the mood and feeling and an exchange of information. Isn't that the basic ingredient of creating?

AA: The historian Theodore Zeldin [who has looked at the role of conversation in the history of society, culture and business] says that a great conversation is where both parties 'enter into it with the willingness to leave it as slightly different people'.

GT: Well, that's it. In a way a great conversation creates a third thing and out of the thoughts of two people often comes another.

AA: A good conversation creates something new?

GT: Yes, it can. But unfortunately most of our business conversations are highly transactional. It's too often about wanting something, persuading, self-defence, fixed principles. And you end up negotiating a compromise rather than having a really creative conversation. I think it's about finding that 'third thing'.

AA: Zeldin goes on to say that he wants a conversation 'on the edge of what he understands, with people he does not know'.

GT: That's lovely. And isn't that true? I like people I can completely disagree with or who tell me something I never knew and it gives me a different perspective. If you think about what was going on in the great cafés and salons of the 19th century, it was all big debates and arguments around art, society, music, politics. It's about lots of different opinions.

Shall we do a brainstorm?

AA: A few years ago, commenting on the technique of brainstorming, *The Daily Telegraph* famously said that it was possible to have 'hundreds of ideas and for every one of them to be fatuous'. And the psychologist Professor Richard Wiseman [in his book *59 Seconds*], as well as showing that most academic research proves they are not effective, says brainstorms actually encourage 'social loafing', a kind of lazy groupthink. You are also fairly damning of brainstorming and other 'creative process techniques'. So, despite all the evidence of its ineffectiveness, why is brainstorming still so stubbornly fixed in the minds and meeting invites of advertising and marketing people?

GT: I think that brainstorming is the default position when you can't think of anything else to do. And I think one of the reasons is that it makes lots of people accountable, rather than just one person with an idea. The higher up you are, the bigger the risks, and so you default to a brainstorm, which normally brings in all the people from across the business to make sure that they are all represented. It's a kind of animal response; it is a form of protection.

AA: And that group thinking is the kind of social loafing that Wiseman talks about?

GT: Yes, it's like the lizard brain. Fight or flight, anger and fear. The kind of good creative conversations that you're talking about building and promoting need very high-tolerance cultures. The problem is: What is the alternative to the brainstorm?

AA: Well, I think the Café Workshop [9] process is a good alternative. It looks to develop a flowing marketing or advertising conversation and to explore the issues in an open way, and share information without trying to solve or create anything immediately, as a group. In fact, it may be best for one person to engage in the conversation, take away some of the input and inspiration for a few days and come back with some ideas that they create, either working alone or with a key partner.

GT: I believe that if you are problem-solving, then you can use techniques and disciplines. You can problem-solve in a group and download and converge the thinking. And as a creative director, I spent most of my time solving problems rather than on pure creative work. But then you will get the one or two people to have that walk outside, to step away from the group and come back with the great idea.

AA: A brainstorm often feels lively and fun too. And as you said when I saw you present at Henley Business School, it's often easier to come up with lots of poor ideas rather than one good one.

GT: The thing is, and this is what I said at Henley, if you already have an idea and you want to build on it, then brainstorming can be fantastically productive. But you don't do a brainstorm when you don't have an idea in the first place. If you want to solve a problem, just limit the thinking. You can say, 'I just want solutions with a letter "P"'. Suddenly, that becomes very productive because it releases people from the blank feeling. Those little frameworks are useful when well managed and work well in collaborative environments that are fresh. Most of the time we are trying to manage things incrementally better – and that is often what a lot of innovation is. And I like the sound of your Café …

AA: Do you need to be a really strong character to be creative?

GT: Yes. Good creative people have to be strong. Not necessarily extroverted, but strong enough to protect their ideas. And sometimes they can be hostile and difficult. But conversely, not all hostile people are creative – it doesn't work like that.

AA: So creative people have to focus on and believe in what they are doing?

GT: I think you then get into the area of creative leadership, having a single-minded purpose and vision. The creative people who have a clear vision are more likely to succeed than those who give way on things more easily, just for the sake of collaboration. Creative people need to be managed because they often do not have the social skills to properly sell and value their work. But yes, great creatives, entrepreneurs and engineers tend to be incredibly self-disciplined in their work.

AA: It's been noted recently [see *Superteams* by Khoi Tu[10]] that the Rolling Stones are more about being a great creative team and a management network than brilliant musicians.

GT: What I like about the Stones is that they are more about the attitude than the craft skills. The Beatles or The Who had much more craft and technique than the Stones. Whenever you look at this subject [creativity in music, advertising, sport, business etc.] you have to separate the importance of the original creative idea from the craft and implementation. You can see a lot of good ideas poorly implemented and a lot of bad ideas well implemented. And it's often difficult to tell which from which. How do you form an opinion? How do you know that's valid? You are often assessing the craft as well as the idea itself.

AA: Originality is a really important word in your book. But if we look at the story of Pixar Animation, for example, the creativity is an amazing combination of three very different individuals: a computer and data genius [Ed Catmull], the great entrepreneur [Steve Jobs] and a beautiful storyteller and designer [John Lasseter]. That's what made it brilliant. And it was Lasseter who said, 'It's not whose idea it is that matters. We use the idea that makes a better movie'.

GT: That takes a huge amount of generosity and trust between those people. And I've heard before that the three guys from Pixar had that. But so often in corporate culture you don't get that generosity. Years ago I went to Barcelona to a great agency and I asked them how come they were so consistently creative, and the guy said, 'We just don't like doing shit'. It was an amazingly creative and generous environment. They even gave up space in their offices to outside artists, animators and writers, just to do their stuff.

On disruption and cuckoo clocks

AA: Do you need to disrupt good creative teams to keep them fresh?

GT: No, no, you don't disrupt good teams. Because they are special. I'd rather hire and keep one or two people to come up with the right ideas, rather than 20 people working in a big team brainstorm. The answer to the whole creativity thing is simply to hire great people, give them a brief and let them get on with it. That's how great things have always happened. But you have to keep that bar really high.

AA: In a digital world, where so much content is being produced with speed and everything is measured and monetised, do you think the overall creative quality is in decline?

GT: Well, what do you think? There is great work around but it's very hard to find because there is so much stuff about. As soon as you go after the money you go for easy solutions and things that are easy to buy. But no, I'm not down on the creative industries. There are great things to be found that you don't expect, but often the best work, as always, is on the fringes.

AA: A big theme now is the use of lean and agile thinking and production, especially in digital and innovation work. Do you think it's good to get stuff out quickly and test it with the marketplace, even if an idea is not fully formed?

GT: I think there was a time when digital and websites were seen with a sense of awe. But now I don't think we really want to frame a website. For me, websites are roads and road signs – they are functional things to take you from A to B. Billions of websites are often billions of failed brochures. So if you are doing digital, you need to break your own creative laws. I would put a load of sites into beta and test what works and maximise time and space quickly – yes, absolutely. And I would say yes to doing that in the most agile way possible.

AA: But you can't do brand strategy or design in a lean and agile way.

GT: Definitely not. I once worked with a website designer for Bentley Motors, and when I asked him to explain the creative concept, he just showed me a beautiful photo of a Bentley. And that was it. There was no real theme, no concept of the brand or an original idea – it was just the photograph on the site. And that was a real shock and it was very difficult to work with.

AA: Finally, in *The Third Man*, Harry Lime, the notorious criminal played so brilliantly by Orson Welles, famously says to a friend:

> *In Italy, for 30 years under the Borgias, they had warfare, terror, murder and bloodshed, but they produced Michelangelo, Leonardo da Vinci and the Renaissance. In Switzerland they had brotherly love, they had 500 years of democracy and peace, and what did they produce? The cuckoo clock.*

It's a great line. Do you think Welles was on to something? Do we need a bit of friction and conflict to be really creative?

GT: Sometimes you do have to destroy things to build the new: a creative destruction. There is a lot of theory around that. Because unless you can give up bad ideas, it's hard to move on to new ones.

AA: Thanks Gordon …

Footnotes

1 hbr.org/2011/07/building-a-collaborative-enterprise

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POST 26

Agency remuneration and third-party costs in marketing procurement

Posted 1 July 2013 by Darren Woolley

In a recent post[1] on the CIPSA[2] Category Management Forum held in Sydney, we looked at the value created by agencies and the role of marketing procurement in identifying it and maximising its delivery. This involved contributions from a panel of marketers and agency leaders.

In this post, we've re-enlisted five of the original six panel members to tackle the topics of agency remuneration and third-party costs. The participants are:

- Digital media – Nic Hodges[3], Head of Innovation & Technology, MediaCom Australia (NH)
- Digital agency – Mike Hill[4], CEO, Holler (MH)
- Marketer – Jon Bradshaw[5], Director, brand traction (JB)
- Creative agency – Paul Williams[6], Group CEO, BWM Group (PW)
- Media agency – Angus Frazer[7], General Manager, Carat (AF)

Below are the panel's responses to questions concerning agency remuneration (#1–5) and third-party costs (#6–10).

1. What is the most common type of remuneration you use?

PW: Retainer and occasionally retainer plus PBR. Most PBRs, however, are quite hard to manage.

MH: Time and materials. Retainer + time and materials. Retainer + time and materials + bonus based on KPIs being reached. Although payment for performance has long been discussed in digital marketing, we haven't seen it effectively implemented. It is also difficult to measure as digital marketing effectiveness can be reliant on channels the agency does not always have control over; for example, media, original strategy/ideas.

JB: Head hour recovery model.

2. What is a fair profit margin for agencies?

NH: Whatever allows both the client and the agency to grow their business optimally.

PW: Most well-run agencies should be aiming for 20%.

MH: I'm not playing this game.

JB: Hard to assess, but 10–20% is common practice.

3. How important is it for agencies to be transparent?

NH: If transparency is used as a tool for procurement only, it's likely you'll find most agencies (particularly around social/data/etc.) won't be interested. On the other hand, if it's win-win, then transparency is the optimal state. We do this with most of our global clients and it allows productive, positive conversations around remuneration from both sides.

PW: Transparency always breeds trust, and trust is the key to long-term partnerships. It is always helpful for clients to understand the sharing of broad cost structures in servicing businesses, but it should be recognised that there are privacy limitations around details of individuals.

AF: Clients trust agencies to invest millions of dollars every year. Transparency is vital for maintaining trust and a productive partnership. Agencies need to be up-front about the ways in which they create revenue; they should not be secretive or apologetic. Clients need to understand how an agency derives its revenues. They must remember that agencies are businesses that, like any business, need to create a profit in order to grow and remain sustainable.

MH: It is important for both agencies and clients to be transparent. This is what the relationship is built on. Both parties should want the businesses to be viable and rewarded for effective relationships. Honesty is a core principle of our business. Unfortunately, the heritage of advertising has totally screwed our reputation as honest businessmen. It's something we need to change. I recently read we are the most hated industry above lawyers!

JB: The best clients respect and reward transparency. It can, however, be used as a negotiating tool by clients looking for value over talent.

4. What challenges do you face in setting remuneration?

NH: The increasing scope of what a communications agency should be providing.

PW: The core challenge in retainer-based arrangements is less often around rates of roles and more around predetermining the correct amount of resources to service a business. A mechanism to safeguard the partnership is advisable, if indeed the business requires more resources than the estimated allowance.

MH: Client/procurement understanding of services and value that will be provided by a digital agency. Client understanding of resource structure and rates within digital agencies. Clients underestimating the percentage of time required of resources. Clients underestimating the operational/admin time required by staff when on project T&M, which is difficult to recover (for example, attending all agency WIPs, attending brand inductions and updates etc.). Clients underestimating the importance/value of services such as data analysis, testing, project management. Face-to-face negotiations.

JB: Calculating scope of work is a painful, inaccurate and frustrating process.

5. How important is benchmarking in agency remuneration?

NH: From a media pricing point of view, it's critical. From a technology point of view, though, this is an underappreciated area. I'd love to see a model developed around innovation, technology and tools. Many agencies make big claims about technology and tools throughout a pitch process, but there's very rarely any real rigour around their true performance and value.

MH: Benchmarking only works if agencies are transparent in the first place and the benchmarks are based on a 'known quantity'. For example, benchmarking a digital project can show huge variance depending on many assumptions/dependencies, such as technology approach, third-party relationships, integration etc. Price does not tell the whole story – consideration needs to be given to experience, service and the broader value provided by an agency.

JB: It's crucial in ensuring the client feels 'fairness' in the negotiation.

6. What percentage of your income is paid to third parties?

NH: On the media buying front, obviously a lot. On the technology, social and content production side, it can be up to 50% on some projects. Increasingly we're trying to build in-house capabilities for core competencies. But what we do gets broader and broader, and so we involve specialists to ensure our clients get the best outcome possible in the market.

PW: 30% approx.

MH: We like to keep production in-house. As soon as I see it creeping over 20% for any given service, we look at hiring the skills in-house.

7. How do you manage these third-party suppliers?

NH: From a technology point of view, the relationships are the most critical thing. Objective, frequent and rigorous reviews of technology and tools is also imperative – the landscape for these things changes on a quarterly basis.

PW: From a quality POV, they are usually creative talent that we have a proven track record with … we know they can deliver a great product. From a cost POV, nearly all our externally sourced work is competitively quoted.

MH: Third-party suppliers are engaged on an as-required basis, usually for hosting, email platform or specialist skills; for example, video production. They are usually identified and engaged by the agency and where appropriate three quotes are obtained to compare price and service.

8. How can the marketer and procurement know you are delivering best value?

NH: Relationships: measured through our client-approval scores. Hard metrics: media value, ROI. Long metrics: experiments, tests, successes and failures.

PW: Is the work good, is it meeting KPIs, is the relationship healthy … and is pricing broadly within market parameters? That's as close to it as you'll get.

MH: 360-degree evaluation by a third party. If either party is uncomfortable with that, then that should ring alarm bells. Look at cost, service, effectiveness, KPIs, IP/assets/platforms.

9. What opportunities are there to reduce costs and increase value?

NH: Value can be increased through utilising full agency offerings, and that will deliver cost savings. For example, we have run more studies than any other agency in the Australian market around online and catch-up TV. The result is a model that tells us exactly how much to shift from a TV budget into these new online channels. At the same time we often move investment from SEM to Facebook, or from DSPs to SEM, because we identify efficiencies. It’s only because we look after the full spectrum of services that we’re able to do that. When agency scope is still ‘media buyer’, it limits our ability to deliver this type of thinking.

MH: Ensuring efficiencies when engaging the agency; for example, knowledge sharing, clear client briefs and client project management etc., so the agency can deliver effectively. Contractual terms: length of contract, retainer vs T&M, bonus payments etc. Building an effective relationship, defining boundaries for all agency partners and driving collaboration. Outsourcing low-end production work.

10. How relevant are measures like working and non-working spend today?

NH: Irrelevant. Measurable, accountable marketing communications can be ‘working’ and ‘non-working’. We’re in an age of abundant earned media, while paid media still attempts to create the illusion of scarcity.

JB: It’s still highly relevant. The terms are tarnished with the smell of ‘old world’ marketing but the concepts are relevant. Securing an audience remains the crucial part of marketing. Securing a digital audience is even more crucial than a broadcast one because it is harder. Overinvesting in production and underinvesting in media are still common errors, even if the words ‘production’ and ‘media’ mean different things today than they did 10 years ago.

Footnotes

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POST 27

Eight high-risk SEO strategies your agency might be using

Posted 26 June 2013 by Mike Morgan

If you spend any time trying to keep up with the constantly shifting search landscape, you will have heard about some of the game-changing updates Google has rolled out in the past couple of years. The really big changes have been in the form of black-and-white animals – the Panda update[1] and, more recently, the Penguin update[2]. Both of these updates have one goal: to eliminate low-quality sites from the higher reaches of the SERPs (search engine results pages); that is, sites that have used manipulative techniques to effectively hack their way into the top positions for targeted keywords.

Unfortunately, the prevalence of these 'hacks' has led to SEO developing a somewhat tarnished reputation. It has been far easier for some SEOs to use what is known as 'black hat'[3] than for them to follow the search engine guidelines and create valuable, newsworthy content in order to build authority and reputation, and thereby a large, engaged network on multiple social media platforms.

The upshot of all of this is that there are agencies who are prepared to take short cuts and risk client reputations in order to generate fast results. I have personally audited sites where large search marketing agencies have been responsible for link building[4]. I have been deeply concerned with what I have found.

Think of this post as a guideline for discussions with your agency. Any SEO strategy should be clearly articulated by your supplier. I recommend ending your relationship with your agency if it is not forthcoming about how it proposes to build your website authority. The risks are now too great.

If you receive an unnatural link profile warning from Google, you can be sure that fixing this is going to cost a lot of money, and it could take months. If you receive an algorithmic penalty from Google's Penguin, this is even more damaging. Not only do you have to work through a complex and time-consuming process, but you will also have to wait for the next Penguin update (only two have been released in the past 12 months) before you have any hope of recovering lost ground.

And in most cases, sites that have been hit with a penalty and which have gone through the disavow tool process[5] do not seem to regain their previous traffic levels.

In our SEO consulting business, we are seeing the ill effects of shady techniques more and more. We are often approached because of underperforming sites or noticeable drops in search engine visitor numbers, particularly Google organic data. The audits show that in most of these cases, the website link profile is where the problem lies, and it can be mapped to Penguin 1.0 and even more clearly to Penguin 2.0.

I recommend you get a full summary of the techniques your agency is using and ensure they do not include any high-risk strategies, such as the eight described below.

1. Mass directory submissions

As recently as a couple of years ago, you were able to get higher page positions by outsourcing directory submissions to a low-cost agency. These agencies would submit your site to thousands of poor-quality SEO directories which serve no purpose other than to supply a link. There are no actual human users of these sites – they usually offer a pretty poor user experience and are jammed full of thousands of dubious listings. Google identified this hack fairly early on and has now banned the majority of these sites from its index.

If you have a large number of these (and yes, I still get emails offering this service, and I'm sure you do too), then you will have seen your traffic figures drop over the last year.

This is a difficult one to correct. You have to set up a Google Drive spreadsheet and individually contact every low-quality directory. Most will either ignore your outreach or will attempt to extort a fee from you for link removal. You have to document at least two attempts, allowing several weeks after each for a response. Then you have to use Google's disavow tool, which is not an easy process. Then you wait … and hope.

2. Article spinning

I am surprised by the number of web marketers who openly promote or recommend article-spinning software. Article spinning[6] is where you replace words with synonyms, using brackets and pipes to change the content and make it unique. It looks a bit like this:

The {quick|fast|speedy|rapid|lightning fast} brown fox …

The software randomly selects a different word from within the brackets. So the first version might be 'The fast brown fox', the next one 'The speedy brown fox' and so on. If you spin most words in a piece of content with synonyms, you end up with a new post each time that is almost unique. Then your agency will submit each spun article to multiple low-quality article directories to gain back-links.

The obvious problem is that these articles make no sense at all and are an embarrassing representation of your brand online. Google has de-indexed most of the low-quality directories or given them zero PageRank and it has also hit the larger ones with a Panda update penalty, so the links you receive from these directories will have a negative effect on your site.

These are as difficult to clean up as the directory links outlined above.

3. Comment spam

If you run a blog, you will have grown to really hate this one. How many badly written, nonsensical, spammy comments do we have to endure in order to keep open communications channels with our real audiences on our published content? This is a major time-waster and much of it is due to the scattershot approach of comment spam SEO.

The concept is simple – blast out hundreds of thousands of junk comments knowing that you will hit a low percentage of sites that do not moderate comments and auto-approve everything. This is another lazy and frustrating hack which does not bring any benefits.

The blogs that auto-approve will usually have thousands of approved comments linking out to every nasty site imaginable. Your site will ultimately be judged by the poor neighbourhoods you hang out in. Add to this the fact that most sites on the web set comments by default to 'no follow', which means that no PageRank is passed on to the linked-to site.

So this is a complete waste of time, as well as a penalty invitation. And comment spam is easily identified by Google and penalised, there is no doubt about that.

4. Paid links and advertorials

Not paying for links is just common sense. Google's Webmaster Guidelines [7] state very clearly that paying for or selling links that pass PageRank is contrary to their terms and conditions. Now it is unlikely (I would hope) that an agency would sell links from your website, so let's look at buying links.

We all see the ads in our internet travels: 'PR7 and PR8 links – only $49 for a limited time' … yeah, right! These ads appear on … yes, you guessed right – Google! And of course, Google would be completely unaware of who is selling and who is buying these links? I don't think so.

It's a simple rule – do not ever pay for a link. If your agency presents a budget for paying for links, you should be concerned.

Advertorials are a little more difficult to understand because with traditional offline media, it is standard practice to pay for a piece in a newspaper or magazine – that's just the way things work. An advertorial looks like an editorial and you gain the appearance of an endorsement from a respected media source. Quite often it is not particularly apparent that this is paid content.

This gets interesting when we are working in the world of search. The guidelines are clear around paid links, so advertorials fall into this category. The only way in which you can use advertorials is to bring human visitors to your site. If you pay for advertorials with the goal of gaining links and therefore higher authority for your website, then you are in breach of the regulations. You cannot gain any SEO advantage from these links, although this is something I come across often. Even the news organisations seem to be unaware they are breaking the rules. Many of them market these advertorials as valuable for SEO.

Google decided to make an example of a particularly aggressive advertorial campaign by Interflora[8] in the UK. Interflora was banned from Google because it had paid for hundreds of advertorials in media across Great Britain. The interesting aspect of this was that not only was Google prepared to severely punish a large brand at one of the most lucrative times of the year for them, it resolved to go one step further. It immediately dropped the mostly high PageRank of every news site that ran the advertorials to a frightening ‘zero’ – website traffic would have fallen off the proverbial cliff and advertising revenue would have crashed.

If you ever pay for a published news piece, you must insist that any links have the rel=‘nofollow’ attribute. This tells search engine robots that the links are not to pass PageRank and that they are paid advertising for human use only.

5. Blog networks

These are another easy win for poor-quality SEO agencies. Hundreds of fake blogs are set up, and spun or low-quality content (often junk or scraped/stolen) is published across the blog networks to give the appearance of value. Each post has links to client sites that usually involve keyword-specific anchor text (the visible, clickable text in a hyperlink) which is completely at odds with the rest of the post.

Many of these networks charge monthly fees based on how many posts can be published across a specific number of blogs. So this falls into the paid links category of banned practices. I have seen some SEO companies set up their own networks. At $20 per annum for each domain name plus hosting, this starts to add up if you’ve created 1000 sites, so this tactic is usually only used by fairly big agencies.

Google first started de-indexing blog networks and penalising participants in March 2012, and it has been on a seek-and-destroy mission ever since. (I covered the effects of this on New Zealand businesses in a post[9] last year.) It has been actively identifying and manually penalising all who are involved in these link schemes. What is particularly worrying is that I still see major agencies referring to this on their services pages as a viable strategy.

6. Forum signatures

Why would your business contribute threads to a hacker, affiliate marketing or tech-based forum? Does it make sense for your site to have hundreds of links coming from unrelated sites like these? This is another classic link-building short cut – the adding of spammy comments to multiple conversations with signatures that feature numerous links to sites the commenter is trying to gain an SEO advantage for.

Well, Google’s algorithm is a bit smarter than that. Again, this is a Penguin target. It falls into the unnatural link profile zone. Having a large amount of links from unrelated forums will hurt your website.

7. Boiler plate anchor text

This used to be an approved method of indicating to search engines what your pages were about. If you sold books, your website was about books and all of your anchor text said ‘books’, then your page had to be about books.

Unfortunately, this opportunity was seized upon with such fervour that Google had to do something about it. Whereas previously most people would link naturally to your website by using your brand name or website address, or even the classic ‘click here’, now there were large numbers of links with the same linking text. So suddenly the goalposts were shifted and anchor text became an important indicator of manipulative SEO behaviour rather than keyword relevance.

I have seen instances where agencies have targeted several specific keywords and loaded all of the anchor text with them. What results is that a lack of trust is attributed to these keywords by Google, which usually means huge drops in average page positions in Webmaster Tools for the boiler plate anchors (unnatural repetition) – in some cases I have seen drops of more than 50 places from the upper reaches of page one in a very short time-span.

Again, this is a very difficult problem to rectify.

8. Keyword stuffing

Have you ever seen a social media share by a company you admire and been surprised by how spammy the post looks? Did it seem like a whole bunch of keywords were repeated, separated by pipes? Did it look like the title and description were designed more for search engine robots than for humans?

This is a classic sign of keyword stuffing. I constantly come across sites where page title tags resemble a mad race to get as many keywords in as possible. Usually they end up substantially exceeding the guideline-specified length, which renders these SEO attempts even more futile.

Meta descriptions can suffer from the same misguided attempt to stuff as many keywords in as possible. This is a real missed chance. A meta description should be a 150-character opportunity to present your brand in the best possible light and to encourage click-through with a compelling call-to-action.

Quite often, it's when you get to the actual page content that things look really crazy. We have all visited sites where the same phrase is repeated in headings and every paragraph of text. It gets to the stage where it is irritating.

So if your agency talks about putting your keywords in H1, H2, H3, alt tags, titles, descriptions, tags or categories, or goes on about optimum keyword density or latent semantic indexing[10], then you need to think seriously about a future relationship with it.

The only viable way to create and structure web content is to write for humans first and search engines second. It has to be interesting and compelling, and it needs to speak to each visitor in a voice that is authentic, informative and warm. Repeating keywords and associated phrases to follow a mathematical formula to fool search engine robots will result in a lack of trust from the most important stakeholders in this process – your customers or clients.

What should your agency be doing?

In its attempts to limit SERPs manipulation, Google has been very clear about what it requires from sites in order to allocate trust and authority, which in turn leads to a better search presence. Technical compliance is a major requirement now. This includes Pageload speed, eliminating duplication, cutting down on 404 ('page not found') errors, having good clean code on a site, ensuring you have reliable hosting and much more.

A high profile built on PR brings healthy benefits through co-citation[11] and also is a means of attracting natural, earned links. Frequent mentions and content published on trade or industry-related sites is extremely valuable to an SEO strategy.

Published content has become the major factor in search authority. Create, publish and promote content that is hugely valuable to your market. Be prepared to give away information for free that many would consider IP. This is how the whole inbound process works – you build trust, you become identified as a thought-leader, you develop a large network of advocates who share your content, you become the go-to site for your particular industry.

And don't forget that social media is growing in importance on a number of levels. It is an exceptionally powerful content-promotion channel. It allows you to build relationships with a large number of potential clients/customers and gives you the ability to demonstrate thought-leadership, as well as providing a forum to engage with influencers. The social signals generated are very useful to your overall search performance.

All of these strategies are about giving value. They fall into the area of 'link earning', not 'link building'. If your agencies talk about building thousands of links rather than the power of valuable content and social media relationships, then you run the risk of being the next business to have to go through a hugely expensive and frustrating link-cleaning process.

Are you prepared to take that risk?

Footnotes

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POST 28

The ROI of TrinityP3's 300% website visitor growth explained

Posted 8 May 2013 by Mike Morgan

If you have been following TrinityP3 for any length of time, you may have noticed a gradual (or maybe not so gradual) rise in the brand's presence online over the last couple of years. In this post, I am going to share a few of our strategy secrets. I am also going to demonstrate how this big increase in digital visibility has had a significant and measurable impact on company revenue.

First, though, many thanks to Darren Woolley, founder and MD of TrinityP3, for allowing me to publish these results and to outline how they have been achieved. This has been a collaborative project from the outset. It has required a lot of belief and a lot of hard work from the team at TrinityP3, particularly from Darren, as well as a phenomenal commitment to a rigorous publishing and social media schedule.

Oh yes … and a bit of courage too. Having your opinions published on trade sites that allow spiteful anonymous comments is not for the faint-hearted. This industry is rife with tall poppy syndrome – I think we all recognise this. There were some tough times early on, particularly in the winter of 2011 when traction was still quite slow. But our commitment remained strong, and as we gained momentum the rewards began to show.

How can you measure digital ROI?

There has been a lot of debate about whether ROI (return on investment) is measurable in terms of anything to do with digital marketing. Exactly how do you measure it? Should we be talking instead about a different ROI (return on influence)? Or should we be talking about ROE (return on engagement)? Or what about ROR (return on relationship)? And there are many other permutations that can be searched and found indexed on thousands of search engines. There's no shortage of new acronyms for digital return, that's for sure.

But in the end, there is really only one metric any business should be concerned with: growth in revenue. It's as simple as that.

Impressions, clicks, rankings, pageviews, subscribers, CTRs, actions, unique visitors, bounce rates, traffic sources, paid vs organic, social signals, influence measurement, conversions – all are crucial in measuring progress and identifying the areas in which to concentrate effort or reduce emphasis. But these mean nothing if you are not seeing increased revenue and profits. After all, without a measurable boost in revenue, what is the point of all this effort?

The 'How long is a piece of string?' element lies in how much time it will take for you to see growth in revenue. And this will depend on a very large range of factors and influences: your commitment, your expertise, your resourcing, your offline influence, your reputation, your investment, your networks, your agility, your team, your time …

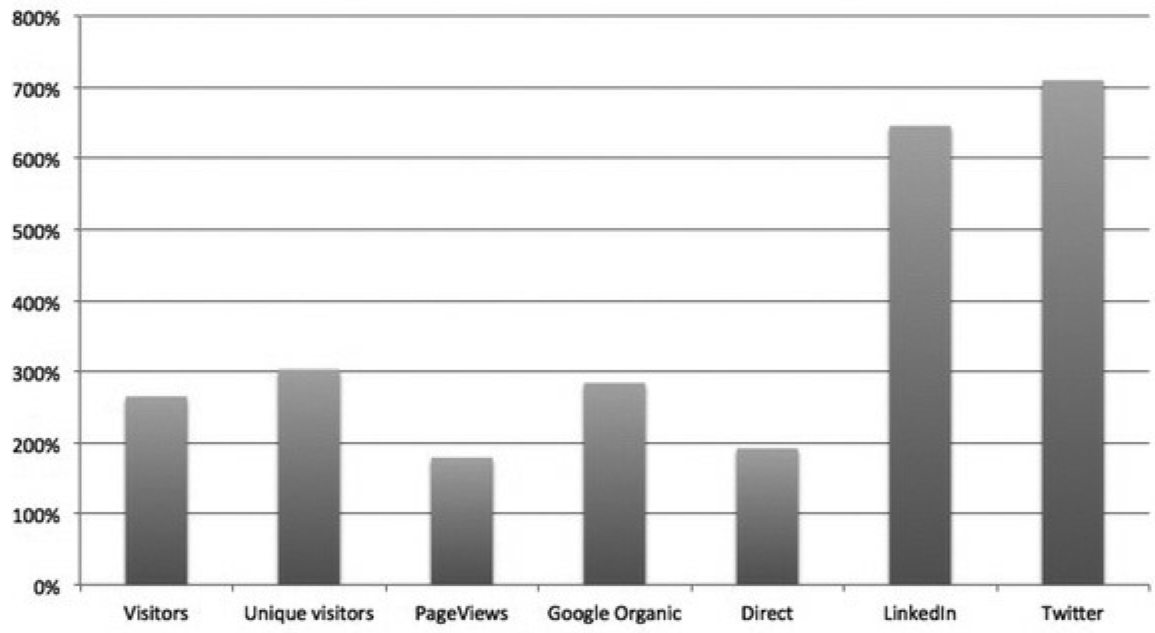
So let's look at how we are able to measure real ROI for TrinityP3's project. I will start with the cold hard stats, which will give you a clear picture of the relationship between growth in website traffic and growth in revenue. Then I will take you through a blow-by-blow account of some of the strategies we have used.

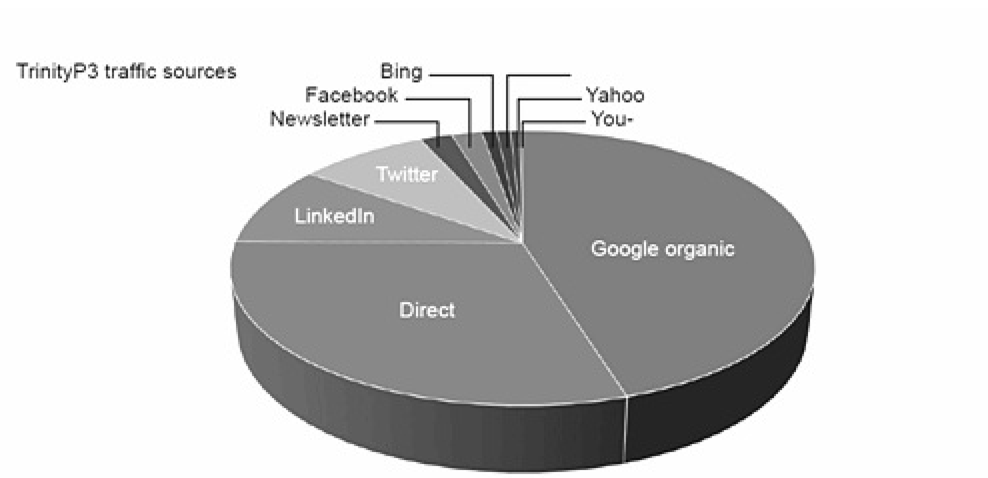
As an introduction, the project has been based on a combination of SEO, content marketing, social media and technical compliance. In addition, there have been a number of shifts in strategy over the two-year period covered here. Some seriously huge changes to search and the internet took place in 2012, driven by Google's aggressive stance on search engine result manipulation and webspam. And if your online strategy was not agile enough to cope with them … well, if you had SEO skeletons in your closet, then they sure as hell came tumbling out after the infamous Panda and Penguin updates.

To clarify before we start, the growth figure I reference in the title relates to a 300% increase in 'unique visitors' to the TrinityP3 website. This takes out repeat visitors, which can be influenced by staff, consultants and agencies accessing the site for their individual projects. It is difficult, however, to manipulate either unique visitors or Google organic visitors, so these can be seen as true reflections of the website rewards for our efforts.

TrinityP3 website results

First, let's look at how various sources and Google Analytics metrics have performed by comparing 2011 figures with those for 2012. As the graph below shows, unique visitors grew by 303%, Google organic traffic grew by 284%, and Twitter and LinkedIn saw phenomenal growth.





The following graph shows visitor growth from the perspective of Google Analytics' Audience Overview data.

You need to know where your visitors are coming from, so what were the most important sources of traffic to the website? Google organic and direct were by far the greatest traffic sources, followed by (at a relatively much smaller percentage) LinkedIn and Twitter respectively.

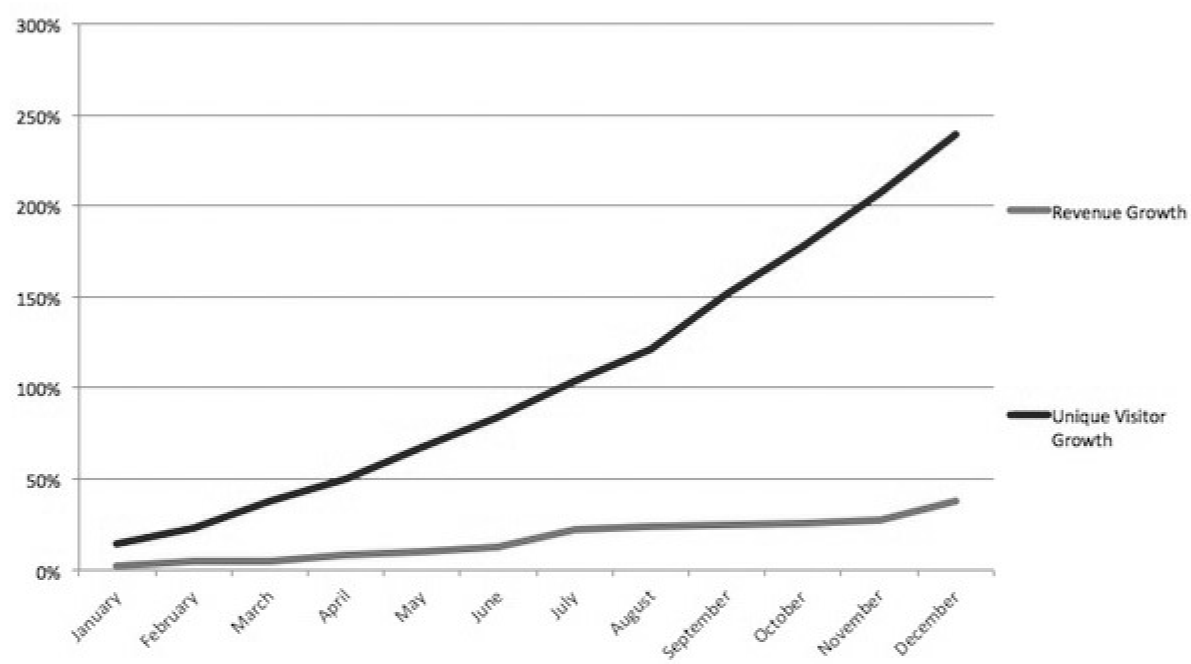
Anyone who doubts the market dominance of Google should do a similar exercise using their own analytics. I intentionally left out the long tail (lower traffic) of sources: traffic from every Google geolocation in the world, multiple social bookmarking and smaller social media sites (StumbleUpon features quite strongly), trade sites – thanks Mumbrella, AdNews and Campaign Brief – and also visitors from colleagues' sites or strategic partners' sites, among others.

Direct traffic indicates brand visibility and often comes from PR and offline strategies. But it will also include a healthy chunk of what is known as 'dark social', which is traffic from social media sites, particularly Twitter, that Google is either unable or unwilling to share data on.

Now for the most important figures.

How has this growth in website traffic from a number of sources affected revenue?

The graph below clearly shows what happened in 2012.



As you would probably expect, the level of unique visitors is growing at a much faster rate than revenue, but the overall trends are very clear. (I'm sure you'd love 303% growth in revenue, but let's get real.) The actual revenue growth is 38%, which has taken place during what many are calling a tough time in the industry. Interesting?

How did TrinityP3 achieve 300% growth in unique visitors?

As I mentioned earlier, we developed a strategy in early 2011 that had three key targets: search engine optimisation, content marketing and social business. The symbiosis between these three marketing strategies became more intense as the project evolved and predicted the major changes Google made to its algorithm in 2012. Technical compliance became compulsory, correct optimisation became a key factor, content finally became King, and social signals balanced distrust around commonly used SEO link-building strategies.

At the outset, a commitment was made to be 100% Google Webmaster Guidelines compliant and to only use tools if they had been approved by the various platforms we were using. By making adjustments as we progressed to remain within guidelines at all times, and to follow search thought-leaders closely to pre-empt as many major changes as possible, we have stayed ahead of the wave throughout the project. A month that showed small month-by-month growth was often followed by a record-breaking month.

Analytics reports are certainly a pleasure to produce when the news is consistently good.

SEO or search engine optimisation

SEO *must* be the foundation of any web-based project. If your hub is not technically compliant, easy to crawl and index, if it does not have clear navigation or is not optimised in a way that clearly identifies the value of each page, then you really will have to work very hard to get a relatively small return on your efforts.

Early on in the process, we discussed the limitations of the website CMS TrinityP3 was using, and after investigation we agreed to move the site to WordPress, as content was going to be the main focus of the website strategy. WordPress is a highly effective blog platform. The SEO enhancements available from a vast pool of plug-ins meant we could optimise the site and increase presence easily on a post-by-post basis. WordPress enabled us to get the content indexed and ranked surprisingly quickly – it is common for a new TrinityP3 blog post to hit the top few positions on Google within 3–4 hours.

The website optimisation program followed a step-by-step process:

- Business analysis to gain an understanding of TrinityP3's clients – Who are they? What phrases/language/jargon are they likely to use? Is there a difference between 'usual' and 'ideal' clients? What are TrinityP3's USPs
- Keyword research – We used several keyword tools to look at both Australian and international traffic in key markets. We then narrowed a comprehensive list down to the very best keywords for each of the 60-plus pages on the site
- Website optimisation – We optimised metadata for each page. Title tags, meta descriptions and meta-keywords (for internal search) were created for every page. Titles were page content–relevant and meta descriptions were calls-to-action with a keyword focus
- Addition of plug-ins to the blog to enable each published post to have the maximum impact
- Optimisation of blog post images with useful file names, titles, alt text and descriptions – search engines are still unable to recognise the content in images (apart from a test on cats) so these optimisation points are valuable

Technical compliance was addressed at the launch of the new website. These are the issues tracked with Google Webmaster Tools:

- Crawl errors – How many pages go to 404 errors?
- Pages indexed – How close to total page numbers is this figure?
- Server connectivity – Is the hosting package adequate and is the site online consistently?
- Robots.txt – Any issues with Google accessing robots.txt? (This tells Google which pages you do not want it to access; if it can't crawl this, Googlebot will not crawl a website.)

- Links – Any sign of a malicious attack by spam sites? Anchor text looks natural?
- HTML suggestions – This identifies accidental duplicate content for rectification
- Content keywords – This means looking for any aberrations in content keywords caused by repeated off-topic file names or site-wide off-topic phrases

Regarding link building, we committed to only using ‘white hat’ link-building strategies and this has paid off over the two-year period. Google’s two Penguin updates in 2012 wreaked havoc upon the automated, low-quality techniques that many SEO companies were guilty of using. Indeed, as consultants, we are approached to rescue non-compliant sites more and more, and this is a time-consuming and expensive process.

Our link-building strategy relies primarily on the production of high-quality content and increased visibility in social media and trade press – no mass submissions, no content spinning, no low-quality practices geared solely to links, no paid links. This has kept TrinityP3 in the good books and has brought big rewards in site trust and authority.

For insights into the mistakes that marketers and agencies are making with their SEO strategies, see the post on SEO fundamentals[1] I published several months ago. It covers what you need to focus on in order to have a highly functional website presence.

Content marketing strategy

While the primary focus of our content strategy was the blog, TrinityP3 had already established the foundations for further content formats on SlideShare and YouTube, among other platforms.

The TrinityP3 YouTube channel [2] has grown over the past two years and now has more than 24,000 video views. An investment in high-quality productions demonstrating TrinityP3’s offerings and the professional filming of speaking events have supplemented the many testimonials from agencies and clients. Although traffic to the website is still low in percentile terms, YouTube offers another format via which potential clients can connect with the brand.

TrinityP3's SlideShare endeavour[3] has been interesting. It sends almost no traffic to the website, as you are unable to hyperlink from presentations. However, as an online branding platform, SlideShare is extremely powerful and contributes greatly to direct traffic as people copy and paste the website URL (more dark social visitors). TrinityP3 presentations have hit the front page of SlideShare as 'currently hot' on a regular basis – a presentation on how advertisers waste money[4] has been viewed almost 6000 times.

The TrinityP3 blog[5], meanwhile, has gone from strength to strength. Any post is guaranteed to get healthy social shares and an impressive number of views.

Initially, Darren Woolley supplied all of the content – at three posts per week, this was a huge undertaking for the MD of a company. (Darren has so far written 463 posts for the TrinityP3 blog!) Then, in early 2012, we developed a multi-author strategy, working with TrinityP3 consultants and influential industry experts to build a varied informational experience for blog readers using relevant opinion pieces from a range of voices. This increased the reach of the posts, added to our social shareability and broadened the reader base substantially.

The rewards came in the form of increased views for posts overall and monthly views for the top individual posts that climbed from the hundreds to over 1000. Social shares began to number in the hundreds for popular posts; one post has been shared more than 300 times on Twitter alone.

Aside from the multi-author strategy and a demanding publishing schedule, how else did we ensure high visibility for the blog? It's worth looking up two of our posts, one on common content marketing mistakes[6], the other on reasons for the failure of content marketing strategies[7], to get the detail of our content strategy (which involved the opposite of the mistakes identified in the two posts).

There are also a number of technical wins that you can capitalise on with a highly optimised blog:

- Title tags, meta descriptions, tags, categories to make crawling and indexing easy
- Optimised images
- Shortened, friendly URLs

- A good social sharing plug-in
- Recommended further reading (to reduce the bounce rate)
- Heading tags in H1, H2, H3
- A robust comment spam filtering system or three (and yes, we still get manually submitted spam from multiple IP addresses, but 65,000 comments have been blocked)

Blog posts also have the power to rank extremely well for specific keywords. I'll use a very popular recent post as an example.

'Three ways to make sure that social media expert is really an expert'[8] is the most viewed post on the TrinityP3 blog, ever. It is ranking towards the top of page one in most search engines around the world for keyword variations on 'social media expert', and these variations have significant search numbers. It continues to drive a large number of monthly visitors to the site months after it was first published. The social share numbers for this post are very healthy indeed.

There are also a number of posts from 2012 and even 2011 that bring consistently high numbers of visitors to the site based on their keyword targeting. So if you are embarking on a blog-based content strategy, do not ignore the power that correct optimisation and good keyword research provides. Remember, the prize is in the long tail (multiple longer variations of your target phrases that demonstrate real intent by searchers).

The growing market presence of the TrinityP3 blog is, however, a double-edged sword. On the one hand, large sites are asking us to contribute content. We are having to be fairly selective and are politely turning down a number of invitations. We are also approached by a large number of people who would like to write for the blog, and we also have to decline the majority of these to keep the content completely relevant and valuable.

The negative side of this increased presence is that we are the target of a huge number of spammy guest post offers, multiple barely literate emails offering 'top spot on Google', and a substantial amount of manually submitted SEO comment spam. Unfortunately, that is the price you pay for higher visibility.

In SEO terms, posts on the blog are attracting (earning) a large number of natural links from high-authority websites and curation platforms. This adds to the snowballing effect of the content strategy and to overall authority in search. And if you search industry-related terms on Google, you will find that many feature a TrinityP3 result towards the top. This is substantial brand visibility.

Another important factor is blog promotion. When we hit the publish button, that is not the end of the story. Each post is initially shared through multiple social media sites and the major social bookmarking sites, syndicated through a number of RSS news sites, added to pinging services, and now manually translated and published on TrinityP3's new Chinese site[9]. Then it is added to the social media content schedule to ensure it has continued exposure.

We have developed a formula for each of the sites that varies according to etiquette, speed of content sharing and user experience, and this layers the content stream based on popularity, age of content and topicality.

Social media strategy

The key emphasis was initially on LinkedIn, Twitter and Facebook, on top of the already discussed SlideShare and YouTube.

LinkedIn is a key driver of discussion around shared content and is moving a considerable number of visitors towards our site. With an increased presence, Darren Woolley's personal connections have grown to more than 3600. TrinityP3 also has a company page[10] and an Evalu8ing company page[11] here (please take a minute to follow them).

LinkedIn has developed over the last couple of years from a place where people hang their résumés to an interactive business social media leader. Once people began to see the site's potential for content sharing and debate, the true opportunities for the demonstration of thought-leadership on LinkedIn became realised.

LinkedIn Groups are one of the most effective vehicles for connecting and sharing expertise, and this is a strategy that all TrinityP3 consultants are encouraged to adopt. LinkedIn also recently bought SlideShare, so you can guarantee that both these sites will continue to grow in influence.

Twitter has been the next most successful social media platform for TrinityP3. Starting out with a following of around 200 at the beginning of 2011, we now have about 9000 followers. And yes, it is not purely about the numbers. TrinityP3 content gets retweeted/mentioned multiple times each day.

Twitter sends a substantial number of visitors to the site. The strategy is led by the sharing of TrinityP3 blog posts mixed with interesting links from trade sites, digital and inbound marketing blogs, social media thought-leaders, advertising industry news and much more.

Conversations on Twitter are almost always interesting, as the 140-character limit means messages are to the point. Twitter has also been valuable at conferences as a really great way of connecting with others attending events around the globe. This has encouraged connections with an international network of consultants and thought-leaders, and has raised brand awareness for TrinityP3 in other markets.

Facebook … now Facebook has tripped up a couple of times since the IPO and most would agree it has become a less attractive option for B2B. In its mad rush to provide returns for its shareholders, the powers-that-be seem to have forgotten why Facebook became so successful in the first place.

The new model of reducing business reach and then offering to sell it back in the form of promoted posts, sponsored stories and pay-per-click advertising is a great paradox. If they are really successful with this monetisation, day-to-day users' newsfeeds will become nothing but brand marketing messages, kind of like a TV channel with no programming, just ads. How long before consumers begin to 'unlike' brands in their droves?

Facebook was sending us a large number of visitors in the first half of 2012, but this has been decreasing every since. If Facebook does not change its strategy, we will probably focus our efforts on other platforms.

Google+ has become important because of the obvious connection with the monster of search, and particularly because of authorship. TrinityP3 search results have been showing the very useful profile pic and numbers in circles for some time. All of the predictions in SEO point to this becoming even more important as 2013 progresses. Author Rank, for instance, is being hotly debated. If/when this becomes a reality, the influence exerted by your Google+ page will have a direct effect on where posts you write appear in search results – more author authority = higher position.

Other contributing factors

I have concentrated on the digital side of this project, but of course, TrinityP3 has been very active in a number of other areas.

Georgia Suttie[12] has been looking after design, marketing communications, the monthly newsletter and PR and wears a number of other hats, all of which contribute to revenue growth and growth in traffic.

Jason Discount[13] has looked after the technical side of things, from site development to plug-ins and everything to do with code, including a couple of rescue missions.

The major Australian trade sites have played their part by republishing popular posts and press releases.

Darren has been circling the globe presenting at conferences, judging and contributing to panels, meeting strategic partners and influencers, and generally being a content-producing powerhouse.

TrinityP3 consultants and our selected guest contributors have made the blog a front runner in marketing management thought-leadership.

It is a truly collaborative project. The results show the value of a high-intensity SEO, social and content-based venture. And we are all looking forward to the 2013 results.

Footnotes

1 See post 13 titled ‘Eight SEO fundamentals for marketers and agencies in 2013’ of this book.

2 youtube.com/user/dazzap3

3 slideshare.net/darrenwoolley

4 slideshare.net/darrenwoolley/top-10-ways-marketers-waste-money

5 trinityp3.com/blog

6 See post 7 titled ‘Eight big content marketing mistakes that marketers are still making’ of this book.

7 See post 31 titled ‘30 reasons why your content marketing strategy is failing miserably’ of this book.

8 See post 1 of this book.

9 trinityp3.com.cn

10 linkedin.com/company/242890

11 linkedin.com/company/evalu8ing

12 trinityp3.com/people/management-team/georgia-suttie

13 linkedin.com/in/jasondiscount

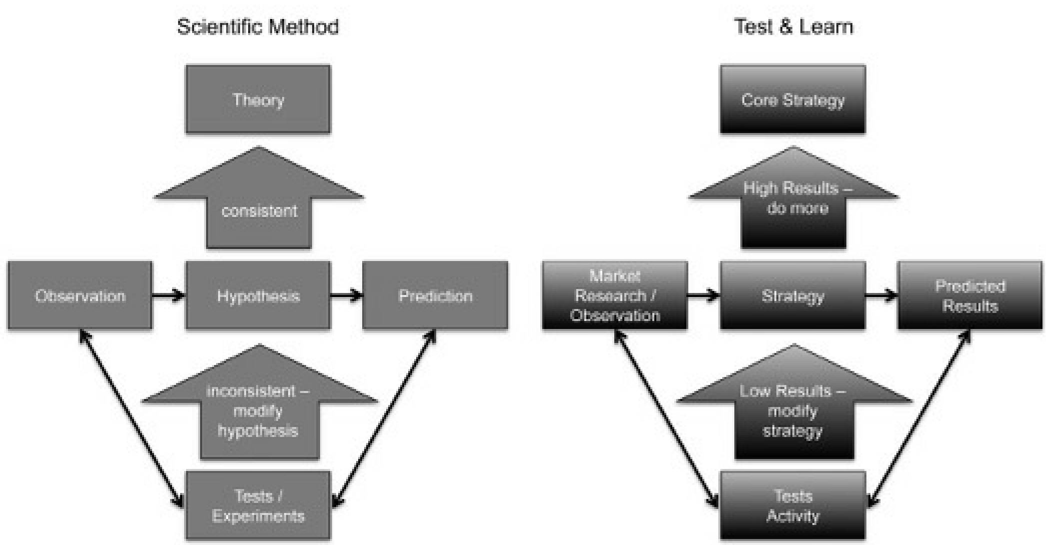
POST 29

How the scientific method can be used to 'test and learn' marketing strategy

Posted 16 December 2011 by Darren Woolley

The first year of my Bachelor of Applied Science at RMIT in Melbourne included a study unit on the theory of science[1] and the scientific method[2], during which we read Darwin's *The Origin of Species*[3] and discussed the separation of 'scientific fact' from 'science fiction'.

Interestingly, few people have heard of the scientific method, even though it is at the heart of all scientific breakthroughs and is the best way yet discovered of sorting truth from lies and delusion. The simple version looks something like this:



1. Observe some aspect of the universe
2. Invent a tentative description, called a hypothesis, that is consistent with what you have observed
3. Use the hypothesis to make predictions
4. Test those predictions with experiments or further observations and modify the hypothesis in light of your results

5. Repeat steps 3 and 4 until there are no discrepancies between theory and experiment and/or observation

At a time when there is so much change, and so many hypotheses on what will work and what will not, it seems to me that a proven methodology like this could be easily adapted for marketing. In the case of marketing ‘test and learn’, the steps could be:

1. Observe some aspect of the marketplace or use market research to define an insight
2. Invent a tentative strategy that is consistent with what you have observed
3. Assessing the strategy, make predictions about the effect it will have on the market
4. Test those predictions with experiments and further observations and modify the strategy in cases where it underperforms
5. Repeat steps 3 and 4 until there is consistent overperformance in relation to what is predicted for when you integrate the strategy into the core ‘go-to-market’ plan

I have heard from a number of advertisers who have used this kind of approach that they start by separating their budget into a 10/20/70 split. The 70% is for business as usual (BAU); that is, they budget to undertake their usual marketing plan with a 30% reduction. This reduction is achieved not by paying the agencies 30% less for the same work but by eliminating waste and investing less in non-essential or non-performing activities. Of this 30% reduction, 10% is for observing, strategy hypothesising and testing, and the remaining 20% is for proving those test strategies that deliver worthwhile results.

This provides a disciplined approach to embracing those opportunities that seem to continually present themselves, testing and learning about what is working and what is not before you jump in with a significant investment, or worse, underprepared and underresourced. And the process is not just applicable to new opportunities. It also can be used to test and learn how effective are many of your existing strategies, how they are delivering against your objectives and predictions.

At TrinityP3, we have become very good at finding ways of funding this from within your existing marketing plan and budget.

Footnotes

1 plato.stanford.edu/entries/science-theory-observation

2 en.wikipedia.org/wiki/Scientific_method

3 books.google.com.au/books/about/The_Origin_of_Species.html?id=LDrPI52uFQsC&redir_esc=y

POST 30

Why marketers should stop paying agencies for ideas

Posted 15 February 2013 by Darren Woolley

While more and more people are jumping on the bandwagon to declare the current agency remuneration model broken, there are still those who suggest that agencies should be paid for their ideas. The problem is that in most cases, devotees of this approach want to be paid for these ideas up-front, and they mostly cannot offer a solution to the issue of valuing the idea beyond the current cost-based system.

The fact is that marketers should not pay agencies for ideas. Here are four reasons why.

1. Agencies have long been happy to give their ideas away for free

I have spoken about this previously at the Caxtons[1] and on AdNews[2]. Agencies began giving creative ideas away as part of selling media. Later, creative was incorporated into the media commission with a service fee. Then, with the dismantling of accreditation and the split of media and creative, the creative agencies adopted a cost-based system. But irrespective of the method of remuneration, only about 1% of the advertisers' budget is actually spent on creative concepts and idea creation. (This represents about 15–20% of a creative agency retainer and less than 10% of creative agency billing.)

The fact is that marketers have never had to pay any significant amount for ideas in the past, so why should they now?

2. Ideas are a dime a dozen

How many ideas do you have each day? As a creative, someone who is paid to come up with ideas, you could have 100 ideas a day. But most of them would probably be worthless or just plain stupid.

If you look at the film industry, for every 1000 movie ideas, only about 100 get written, and of those, only 10 will likely ever get made – and perhaps only one of those will be a hit.

It's the same with advertising ideas. Not every idea will be a hit, no matter what the creative tells you. You could pay for ideas and get less than a 0.1% hit rate (10 times worse odds than when paying your creative agency retainer). The saying that 'ideas are a dime a dozen' is actually a fact. So does that mean advertisers should pay less than a cent per idea?

3. Ideas are worthless until someone is willing to invest in them

The fact that an advertiser is paying an agency to come up with ideas does not mean that they believe the ideas being created have value. After all, it is highly likely that the advertiser is paying not for the ideas but the resources that are engaged to develop the ideas. They are not investing in the ideas per se but in the people.

As such, it is perfectly reasonable for the marketer – as the buyer – to set the price of the concept development and for the agency to accept it. And on the basis that the ideas are highly likely to have no intrinsic value, it is smart business to pay the lowest possible price for them as a way of mitigating the risk of failure. Think of other exponents of commercial creativity, such as novelists, composers and artists. In each case, they are rewarded for the value that they create through sales, downloads and licensing.

4. Most advertising ideas are actually novelties, not innovations

The biggest issue is defining what is required of the idea. Words such as creativity and innovation get bandied about the industry. But the truth is that in most cases, all that the agency is required to produce is novelty, which is as transient as tomorrow's fashion.

This applies to other industries too. While you might accept that screenwriting is a creative process, there are screenplays which are innovative and there are those that are simply novel. By way of example, the latest instalment of the *Die Hard* franchise, *A Good Day to Die Hard*, is simply a novel interpretation of an existing concept. It is derivative and certainly not innovative.

So much of the creative advertising that fills our screens, browsers, airwaves and print is likewise nothing more than novelty. And the problem with novelty is that because it is largely based on fashion, the interest in it wanes quickly, with little residual value created.

What marketers should value

Consider the fact that, as mentioned earlier, marketers currently pay around 1% of their advertising and promotion budget on concept development and creativity. That means they are spending 99% on implementation and administration. So with very little effect on the agencies' financial performance, you could stop paying them for ideas – it would be a simple 1% drop in total agency spend – and start paying them for the value created by their ideas.

Of course, agencies will argue that they cannot influence all aspects of the sales and marketing mix. But if the big idea is as powerful as marketers and agencies make out, and if the purpose of advertising ideas is to change consumer behaviour in a positive way, then why wouldn't agencies and marketers be willing to put 1% of the A&P budget at risk?

Now I know that people will raise the usual issues about control and determining cause and effect, but I am talking about putting less than 10% of the creative agency billing at risk. And most offer this risk factor as part of a largely flawed performance-based remuneration model.

Footnotes

1 trinityp3.com/2010/10/is-creativity-valued-in-marketing-and-advertising-caxton-speech

2 trinityp3.com/2011/10/ad-agencies-can-demand-to-be-paid-for-ideas-and-resources-but-where-is-the-value

POST 31

30 reasons why your content marketing strategy is failing miserably

Posted 5 November 2012 by Mike Morgan

Most businesses are aware of the massive rise in the importance of a fully developed content marketing strategy. The refrain ‘Content is King’ has been bouncing around for quite some time now, but it became a reality in 2012 and looks to become even more important in 2013.

It’s a shame that so many companies are getting their content strategy horribly wrong. You can find the abandoned shells of business blogs all over the web. This is mainly because the vast majority of business blogs are really dull. No-one is interested in what they say, and after a short amount of time spent publishing in the black hole of internet indifference, the blog is quietly abandoned.

Why is content so important?

Google has made major changes to search[1] this year. Each update has punished manipulative techniques and rewarded content that is frequently delivered, high-quality, shareable, unique and value-giving. Content is also the powerful driver of social media success. Millions of people have become content aggregators, sharing the best that they can find through RSS, social media, alerts, blog subscriptions and many other sources.

So your business needs a content strategy. But this is not just a matter of setting up a blog and publishing something, then waiting for the business to come flooding in. There are many mistakes you can make that will kill off your business content strategy, 30 of which are outlined here.

1. You don’t have a content strategy in place

You would think this would be a no-brainer. Before you launch the blog, ask yourself exactly what your goals are. Who is going to be contributing? What will be the focus of the information? Who will be editing and approving the posts? What success-measurement strategies will be implemented? How will you measure ROI?

2. You publish infrequently

Jay Baer, who heads up the blog team at Convince & Convert[2], shared this insight: ‘If you have an agency blog and you are publishing less than twice a week, you should kill the blog’. This is right on the money. Publishing once in a while, such as every few weeks, is not worth the effort. If you do not regularly provide engaging content, there are going to be few SEO benefits and you are not going to develop an audience.

3. There is no executive involvement

If you have a content strategy but you do not have the support and involvement of the executive suite, then you may as well ditch the idea now. You will not gain any traction with your blogging strategy if the only people who know or care about it are those within the marketing department.

4. You do not give value

This is one I come across often. Some ask: Why would you give away information that you could charge for? Why give away IP for anyone to use? Surely your competitors will use the information.

No, that is not how this works. Businesses that share their expertise in a genuine way, without hooks or catches, are demonstrating their leadership. Just because you describe in detail a complex step-by-step process concerning a specialist area of yours, it does not mean that your clients will then perform that process themselves. What it demonstrates is that you are the expert people should be talking to because of your deep understanding of the area in question. The thought also arises in the minds of your audience that if this is what you give away for free, imagine how much more they will get if they are paying for it!

5. You are too self-promotional

Talking about yourself the whole time is the ultimate way to label yourself as boring. No-one wants to be sold to like that. Nobody wants to hear a non-stop speech about your products or services. You need to switch off the sales mindset and consider what your audience is really looking for, then give them the desired solutions without any sales pitch.

6. You ignore the optimisation of content

OK, you are creating great content and you are hitting the publish button on a regular basis. But are you ignoring the potential that correct optimisation can bring? Are you missing out on having your posts show up quickly in the higher reaches of the search engines? Are you neglecting the benefits of having your posts appear in search in an inviting, compelling and professional way?

Get good SEO advice on the correct optimisation techniques. Ensure that your URL is effective, your title tag is the correct length and is compelling, your description is keyword-focused and is a smart call-to-action, and you are using tags and categories in a way that will boost the visibility of your hard work.

7. Your content doesn't have a unique voice

Too many business blogs have no personality, no unique voice. Publishing online requires a different approach to publishing offline. You must communicate with your readers one-on-one in a warm, human way. Speak to them as if you are explaining something to a colleague or acquaintance over a coffee. Always address the post to 'you' and keep this consistent; don't talk about 'we'. Keep the post relatively informal and don't be afraid to use humour or to speak from the heart – a blog is no place for impersonal, press release–style content.

8. You are trying to impress with big words

There is nothing more uninspiring than having to wade through content where the author is trying to impress with their command of the English language. By all means be smart in how you phrase things, but please leave the multisyllable, overly complex language for novel writers. Avoid lengthy sentences made up of adjective after adjective. People will be hitting the back button before they finish the first paragraph. Remember the acronym KISS – keep it simple stupid!

9. You are using clever, short posts

Is your name Seth Godin[3]? No? Then don't think you can get away with writing a couple of paragraphs packed with your insights and that your audience will love every word. Be generous with your content, though don't waffle to fill space; don't be afraid of insights and detail. Longer posts with massive amounts of value get links.

People link to such posts because they provide definitive answers to a range of questions. Links improve search ranking. Higher search ranking improves business results. No, it isn't rocket science!

10. Your social integration is poor

You have this great post and now you want to promote it through your social media channels. But posting once to Twitter when you have a following of 100 people means that you will be missed by 98 of them. Posting on Facebook, you'll be lucky to reach 10% of your fans.

In order for your social publishing strategy to be effective, you must build a large and engaged following. And by 'following' I mean people who check in frequently to find out what you are saying and sharing, people who frequently share your content with their own audiences.

And how do you do this? By giving a huge amount of value, engaging with people, building relationships, sharing other people's content, showing gratitude when others share your content, being warm and friendly, demonstrating a high level of expertise, and being there consistently.

11. You are not leveraging your list

Let's skip the businesses that do not have a subscriber list and look at those of you who have a list but do not bother to share new posts with it on a regular basis. If a subscriber gives you their email address, they are more than likely interested in what you are saying – unless, that is, you are publishing non-stop self-promotion (see mistake #5). So use your email list. Share your most popular posts with your subscribers, the ones that provide solutions or discuss industry trends your audience should be aware of.

Ignoring the potential of the list is a classic fail.

12. You are either not replying to comments or publishing all of them

There are several ways to blow it in regards to comments. One way is simply not responding to comments in a timely manner. Blogs are social media, meaning that there is a conversation going on. A failure to reply to comments shows either indifference or arrogance, neither of which will do much for your reputation.

Another way is to publish all comments. Even those SEO spam ones with the atrocious spelling that say they love your awesome writing skills and will bookmark for more. Or where the name of the commenter is ‘Ohio SEO services’. Be a good moderator – check in regularly and add to any discussion that is started by visitors, but make sure you don’t publish any spam!

13. Your staff are not involved

If your staff couldn’t care less about the content strategy, then you are missing an opportunity to develop better relationships within your business. If, however, your staff are active contributors to the process, then their personal advocacy says great things about your company culture. You also get to tap into a wide range of voices and expertise in different areas, which increases your potential audience.

14. You are not using other media in your content

If you are publishing big blocks of text with no additional media, you better be saying something amazing. Images make posts more interesting, break up the text, allow for scanning and provide an opportunity to express a point in a different way. The use of embedded videos, graphs, charts, screenshots, tweets and the like delivers information that text can’t and helps keep people reading.

15. You are ignoring the RSS

What is that small orange icon that appears on most blogs? That’s the RSS feed (really simple syndication). This is where people can get your content delivered directly to their reader account by subscribing to the feed. It’s automatic and so gets your new stuff out to a large number of people quickly, but it is a feature that is overlooked by many business blogs. Set up your feed with Google's Feedburner, publish it on large RSS aggregators like Technorati[4], and make sure your RSS button is in a prominent place on your site.

16. Your titles are dead boring

This is a content killer! You should be putting at least 20% of your work effort into creating great, clickable titles.

Most of the places where your content will be published will only show the title and perhaps a description. That means you only have seconds in which to get someone's attention and encourage them to click through. So study title copywriting and learn all of the successful techniques. Split-test variations through fast-moving social platforms like Twitter. Measure the results and learn which titles get the most clicks and shares.

17. You don't have a call-to-action

I am not talking about a sales pitch here. This is about encouraging participation.

The reason why the top blogs often carry a call-to-action like 'If you enjoyed this post, please share it on Twitter, Facebook and LinkedIn using these share buttons' is because it works. A simple statement like this improves the number of shares substantially. And asking a visitor to share their opinion on the topic of the post by leaving a comment should be standard practice in almost all of your posts.

18. Your content isn't epic

A recent post on Copyblogger talked about how important it is to create epic content[5]. This is content that excites, content that people will use as a reference, content that may change the way people see things, content that people will love sharing because it says a lot about their level of understanding.

Look at what you have created. Is it something that astonishes because of the amount of value that it gives, or is it similar to a lot of other stuff out there?

19. You are not backing up what you say

It’s all very well to express a lot of strong opinions in your work. But without the use of references through links, graphs, case studies and other research, it may sound like you are pulling figures out of the air. The beauty of using the massive amount of data available is not only that it can help confirm the credibility of what you are saying, but also that it can provide inspiration for future posts.

20. Your images are not optimised

When you upload images for your content, do your file names read something like ‘IMAGE0145.jpg’? If so, take the following steps:

1. Rename your images to explain what they are about
2. Make sure the title of each image is keyword-focused
3. Make sure the alt tag is slightly different but still keyword-focused
4. Fill out the description to express what is happening in the image

Search engines can’t see images, so you have to use every existing opportunity to tell them what the image is about.

21. You are not leveraging events

Let’s say you are attending a conference, seminar or some other event. Why would you ignore the opportunity to share insights on the day’s learnings with your audience? Or if you are speaking at an event, why would you neglect the chance to share your slide deck or video with visitors?

This is citizen journalism at its best. Interpret and share the most valuable takeaways from any event you attend.

22. There are no industry expert contributions

If all of your contributions are coming from within your organisation, then you are missing out on another great strategy. Inviting guest posts from thought-leaders in your industry will bestow kudos on your site. If convincing these people to write something specific for your site is difficult (they will be busy, for example), then interview them and create a post based on their responses. In most cases, the experts will also share the post with their networks, bringing new visitors to your blog – a bonus.

23. You have only one writer who is called admin

How many times have you visited a business blog and found that all the posts are written by 'admin'? This is a pretty bad fail in my opinion. People do not want to read posts by a generic contributor, so don't do it.

Remember that this is supposed to be social business! Create author profiles for all your contributors, with good photos and a brief bio. Make sure each post has its authorship clearly communicated, including a link to a full bio if they have been internally created or to the author's blog if they are from outside your organisation.

24. You are not listening to your audience

If you are not tracking what your audience is interested in, then you are likely to serve up content that no-one wants. Pay attention to which of your posts get the most shares and views. What are people discussing on the trade sites? What are the biggest discussions in industry forums? What are the highest traffic searches in your niche on Google? Listen out for what people want and craft solution-based content in response.

25. You are not using the correct formatting

With the overwhelming amount of information online, it is crucial to understand best-practice web-copy formatting. People will quickly read the opening paragraph, skim the headings and check out the bullet points before deciding whether to invest their time in reading the post in full. If your content comprises a lot of long, dense paragraphs, with no headers, subheadings, bullet points, images or other elements that make scanning easier, then you will lose an awful lot of visitors. And next time they see a link to your content, they probably won't bother checking it out.

26. Your blog is on another domain

Your digital advisor tells you that it is really beneficial to have your blog off the main website. They tell you that this will give you more keyword targeting because you can buy an exact-match domain for an industry keyword. And then they recommend a blogging platform like WordPress or Posterous.

Oops! Wrong!

Building site authority for a platform other than your own website is a massive fail. The content you publish must be on your own domain. Period.

27. You do not understand linking

Who knew that the earlier in the post a link appears, the greater the value for the site that it is linked to? So why would you give Wikipedia your first link? They already have plenty, thanks.

Don't forget to use links in your posts. Practise deep linking, which is when you link to other posts on your blog to demonstrate a point – though make certain those posts are 100% relevant to what you are talking about. It is also very useful to employ authoritative sites as reference points for your content. You are giving the reader a great experience by offering them further high-quality material, and you are also getting extra SEO points.

28. You do not let people know you are talking about them

If you are writing posts that feature thought-leaders, it is common courtesy to let them know you are discussing them. Most will see from alerts they have set up on their own name that you have mentioned them; in most cases, they will also see a pingback if you link to them.

But how much better it is to send these people a friendly message via social media or email, simply saying something like, 'Have included a piece about your thoughts on xyz in our new post. Let us know if you are OK with how the post reflects your views'. This is a brilliant way to make connections, and often the party will link to the post or share it with their audience. Don't make the mistake of asking them to share or promote you, though – let this happen naturally.

29. You don't really understand keywords

If you don't have a basic understanding of how keywords work in search, you are seriously missing out. Learn how to do keyword research or get an expert to compile a list of valuable phrases for you to work from. Use this list to assist you in selecting topics and themes for your content. Also use the keywords sparingly and in a totally natural, non-spammy way. If the keyword works in your title, use it there as well as in the post.

30. Your content is not unique enough

To really get traction, your content has to be completely unique. There are a couple of reasons for this.

If your content provides useful information but is very similar to the content published on a number of other sites, then you will not perform as effectively in search. The algorithms have become so sophisticated that they will know if you are basically covering the same material that is available on higher-authority sites. Also, people are more likely to share content from a big site with an established reputation than similar content from a smaller site or a relative newcomer. That's just how it is.

So up the uniqueness factor. Do things other people are not doing! Break new ground!

Footnotes

1 moz.com/google-algorithm-change

2 convinceandconvert.com

3 sethgodin.typepad.com

4 technorati.com

5 copyblogger.com/create-epic-content

POST 32

Replacing ATL and BTL with content and channel

Posted 1 July 2010 by Darren Woolley

For far too long, marketers and advertisers have clung to the outdated terms ATL (above the line – use of mass media) and BTL (below the line – use of niche communications). And increasingly, activity is being deemed TTL (through the line – mass and niche) as well. But internet advertising and, more importantly, social media have blurred the traditional descriptions.

The terms ATL and BTL originated in the days when the agency would prepare quotes and invoices based on creative and production that was media-commissioned (above the line) or non-media-commissioned (below the line). But the media commission[1] in most markets is being phased out. Besides, the idea that ATL is paid mass media and BTL is one-to-one direct communications is no longer a clear differentiator, as technological developments now mean you can communicate with a mass market one-to-one.

So if it is no longer relevant to use ATL or BTL, then what should we use? The logical differentiation comes from the media and entertainment industry: channel[2] and content[3].

Media companies create content and distribute it through their media channels. Movie studios commission or acquire content from producers and distribute it through their distribution channels. Record companies sign artists who create content and distribute it through retail and online sales. Publishers commission or sign authors to write content for publication and distribution through retail and online sales.

Advertising and marketing communications can be categorised in the same way.

Marketers commission various agencies to develop, select or buy channels to reach their audiences, and create the content with which to engage those audiences. Media agencies are now talking about how channels can be ‘bought, owned or earned’.

Traditional creative agencies create content – advertising – for use over mass media channels. Digital agencies build content that can be accessed and interacted with over a mass channel – the internet.

Direct marketing creates content – personalised and customised eDM and direct mail – for distribution through mass channels such as email, telephony, fax, internet and mail. Database marketing is defining channels and strategy for content.

And public relations uses media relations strategies to develop content for particular media editorial channels.

Footnotes

1 mumbrella.com.au/media-commission-system-absolutely-ridiculous-9004

2 dictionary.reference.com/browse/channel

3 dictionary.reference.com/browse/content

POST 33

Advertising climate change – Are we all in denial?

Posted 3 May 2013 by Jon Bradshaw

I've got a dirty secret. It's one I share with many marketers. I'm an analogy addict. Try saying that fast, five times in a row.

I can't resist the lure of a good story to dramatise a point. I find it impossible to just say what I want to say. I need to find a parable, a metaphor, a simile or even just a piece of urban mythology to wrap my words in. I guess that makes me a drama king. See, even when I try to talk honestly about my addiction, I use a bloody archetype.

It's no surprise, then, that I can't rid myself of this affliction when writing about marketing. Marketing, after all, is littered with metaphors and analogies. The worst thing, however, is that I genuinely believe marketing has reached a moment in time when everything is about to change. We are at an inflection point – although a crossroads would be the more obvious of the popular symbols to pick to represent where I feel the profession and industry are at. The problem is that history is littered with analogies for the hero who is facing impending doom. There are a million metaphors to choose from. I feel like a kid in a toyshop. Yup, there I go again. Even when talking about how to pick analogies, I use an analogy. I tell you it's a disease.

One oft-used story is that of the boiled frog. It's an urban myth that a frog sitting in a pan of water slowly being brought to a boil will not leap out. But it serves to make a point, albeit in a somewhat cruel and unusual way. I do believe that us marketers are being gently cooked as the consumer landscape slowly heats up and we stay resolutely still.

The story of Canute is another powerful tale that represents where I think we are, a true one to boot. (I'd use the traditional spelling of his name but it wreaks havoc with my spell-checker.) I genuinely see many of my colleagues and friends standing stubbornly on the shores of advertising as a tide of change steadily rolls in.

So how to pick one? How best to exemplify my point? How do I light the blue touchpaper, set the platform alight and put a rocket under the arse of

Aussie marketing?

Well, I've ended up choosing climate change. It's a really good metaphor for what I want to say. Not that I believe the challenges facing marketing are of the same scale or impact as our environmental crisis. They're much bigger than Al Gore's little temperature problem, for God's sake. But I do think the marketing environment faces some of the same difficulties:

- The data are indisputable – there's a seismic shift underway
- A large number of people, especially the manufacturers of marketing fossil fuels, are in total denial about what's happening
- There's a heap of snake oil salesmen selling the marketing equivalent of wind farms and hybrid cars
- And no-one has a clue about what to do

I'm going to talk about some of that. A bit like Al Gore, I'm probably going to ask as many questions as I answer, but I'm hoping to leave you no longer in denial and somewhat optimistic that you won't be underwater in five years time.

First I'm going to re-present the data and hope that you draw the same conclusion from it that I have – that the crucial question to answer is no longer what to say in our marketing, but how do we get anybody to listen. Then I'm going to talk about how advertising and marketing have evolved as new media have emerged, and explain why some things have worked and others haven't. Why does the audience respond to some things and not others? Finally, I'm going to hang it all out there and suggest that advertising and marketing might have to evolve further to really deal with the challenges they face, as well as to access the opportunities the new environment has to offer.

Five years ago I described myself as a marketing expert. I knew how to do marketing. I'd been well trained at Mars, Diageo and Virgin and I knew my stuff. It may just be the result of my descent into senility, the onset of my second childhood, but nowadays I don't feel I can say that. Nobody I know understands how to do marketing anymore. I've gone from marketing guru to marketing novice – which is why, of course, I've started my own consultancy! The best I can now say in a pitch or an interview is that I am an expert in relearning how to do marketing.

I'm not living in denial. I know the world has changed and I need to play catch-up, and play it fast. And I'm going to talk about why I feel that way. As always with these things, I make no pretence of being right. I gave up the delusion that I might be right about the same time I gave up on the idea that I could dance. But I hope to make you think. Maybe you can also help me to make some sense of it all.

First, though, I think it's worth reminding ourselves that not *everything* has changed. In among all this turmoil, the job has not changed. Marketing's role is still to alter the way customers and consumers behave, usually in order to make more money for an organisation. If we can focus on doing this for the long term, not just the short term, we are doing our jobs really well. Now while that may seem like a trite truism, it's always worth restating. The real world gets in the way all too often and we end up focused on things like awareness and likes and awards and a whole heap of other things that might be good measures but aren't good reasons. Anyway, as we break that truism down, we find some other constants.

The tasks we need to perform haven't changed – we need to acquire new consumers while getting the current consumers to buy more and pay a higher price for it. I also believe that the fundamentals of changing long-term behaviour haven't shifted either. We still need to create a true, differentiating and motivating brand positioning, wrap it in a powerful brand identity and then find ways of communicating it to the people who we want to impact.

But while our purpose, our goals and our message haven't shifted, the medium has, radically and fundamentally. And it's going to keep on shifting for quite some time.

Most call it 'digital' to try and contain it in a box, but I think it's much, much more complex than that. The medium is not defined by the transmission technology. For me, it's about changing the way our audience consumes media, not how the media arrives in their lives. It's my opinion that we are still mostly trying to fit square-peg advertising into round-hole media. I realise that's yet another analogy, but I think it makes the point quite clearly.

The way we connect with people, the way we communicate our message, the way we engage with an audience, it all has to change, because the audience is changing its media-consumption habits. If we keep trying to blast out a message to an audience that isn't listening and doesn't care, we won't achieve the same results. At that point, marketing will no longer make an organisation more money. Then the analogy is simple: you and me and the rest of the marketing profession are royally, irrevocably screwed.

Let's talk about media now, focusing on the facts. The media landscape has changed, but worse than that, it's still changing. This is where I see a whole heap of climate change denialists clinging to the past in the hope that we are just having a slightly warm media summer. The issue is the same as the environmental one: we are not yet in crisis; we have not yet sunk under the ocean. But I think the data, like Al Gore's famous long-term temperature chart, shows us which way we are heading.

Let's take TV as an example. It's still the best way we know to deliver an audience. I think that's why it's so easy to warm ourselves by the cosy fire that's burning under the mass broadcast medium. Television is still operating pretty well. Deloitte confirmed in 2010 that it's more memorable than any other form of advertising medium. Even in 2012, according to Nielsen, broadcast TV reached 87% of all Australians. That's a pretty seductive number. But when you look a little closer, all is not well.

Listen more closely to Mr Nielsen for a second. One-third of all those viewers are watching time-shifted TV, and we know that 86% of time-shifters skip through the ads. Don't believe the snake oil salesman who tells you that people still retain key information from fast-forwarded ads. It's just not true. And while the media climate change denialists will tell you that TV is still effective as a broadcast medium, they are only telling half the story. Online TV watching already has 43% penetration – that's already half the reach of broadcast. There's an on-demand narrowcast tsunami approaching the TV beach. Once the audience fully embraces on-demand, we can be sure that the one thing they are highly unlikely to download and watch is the advertising.

The other great claim of the sceptics is that nobody consumes media in any depth 'online', that watching a two-minute YouTube clip isn't the same as watching prime time. But it's just not true. If we look at the consumption data, we can see that online viewers watch as many hours of content as broadcast viewers. What's different is not what is being watched online but where it is being watched and whether there's any advertising in it. This change is also about to gather speed. In Australia, we are managing all of this online, time-shifted, ad-skipping TV on an internet infrastructure so outmoded that it struggles to handle content-rich email. Once the NBN arrives, get ready for some real change.

So what about putting all those lovely ads onto our YouTube channel, our owned-media space, and buying a raft of banners and Facebook ads? A bit like TV, some people will watch them. It's not a total waste of time. In fact, it's probably necessary to do it. But it's just not sufficient. It's necessary to have toilets in your office but they're not sufficient to make your business succeed.

As the head of advertising for Tooheys, Hahn and XXXX in Australia, I needed to sell over 1.5 billion drinks per year. Doing that by relying on the 150,000 Facebook friends of those brands was never going to be sufficient. You do the maths.

I'm no futurist. Nor am I any kind of tech expert or early adopter. But it seems to me that if I can watch exactly what I want, when I want, and not have it interrupted by ads, I will. I mean, I *love* ads. I make ads. I'm an ad advocate. Yet I have Apple TV and Foxtel IQ at home. I don't watch ads. So I truly believe that within a very short space of time, the nature of scheduling and channels as we know them will change beyond recognition, and that our ability to interrupt the audience with a juicy ad will be at best hyperdiluted, at worst over.

Now if the old method of beating the audience over the head with the media stick is almost defunct, but the digital messiah might just be, today at least, a very naughty boy, what do we do instead?

In my opinion, we need to start by changing the question. Historically we have asked ourselves, 'What shall we say and do?' and 'Where shall we say and do it' – the ad agency and the media agency. These are still important questions, they are necessary questions, but they are not sufficient. For me, the key question to ask now is, 'Why would anyone want to listen and engage?'

The issue as I see it is that we can no longer rely on our ability to interrupt the audience with our messages, in *any* medium, digital or analogue. And audience is *everything*. Remember that we are in the behaviour-change business. We need an audience whose behaviour we can affect. To really understand what's going on, then, we need to re-examine *why* people might *choose* to engage with marketing in the first place and work out how to replicate that every time we take a new campaign or idea to market.

We seem, as an industry, to be worried about the wrong things. We obsess over the *what* of advertising. Is it creative enough? Pretty enough? Dramatic enough? Award-winning enough? We debate *how* to get the message out, spreadsheet after spreadsheet of media planning detail. Again, these things are necessary, but they are not sufficient.

We need to turn our attention to *why*. *Why* will an audience choose to pay attention to what we say? If we cannot demand that they pay attention, we have to know *why* they might do so voluntarily, in order to make work they choose to engage with.

POST 34

iQuit from the advertising industry of Singapore

Posted 20 January 2011 by Darren Woolley

I was just sent a link to a website called iQuit. It's very funny – unless you are the senior agency management at Y&R, Ogilvy, Publicis, Leo Burnett, BBDO, Saatchi & Saatchi, Grey, McCann WorldGroup or DDB in Singapore.

The site reads:

> *BAD BRIEFS? CLUELESS CLIENTS? JUST PLAIN DON'T RESPECT YOUR BOSS?*
>
> *Sounds like you need a new agency. And we're here to help. So whether you're the person that writes the words, draws the pictures or talks to the clients, we've got just the resignation letter for you.*

Then it gives you a template resignation letter. Just type in your name, your boss' name and the date, and you're done.

A disgruntled creative with too much time on their hands? A recruiter trying to stir up some business? Or a creatively satirical go at the advertising industry in Singapore, and most likely many other markets at the moment?

The most interesting and amusing thing about iQuit is the reasons given for resigning (I have copied excerpts here in case the site disappears).

Y&R: 'While I've nothing against dinosaurs, I've decided that I no longer want to work for one.'

Ogilvy: 'Thank you for moulding me into a copywriter who can craft copy that's neither true nor sincere.'

Publicis: 'I would like to say I appreciate the opportunities, the professional guidance and support that I have been given here, but let's be honest: writing terms and conditions for 235 property ads is neither an opportunity nor something to be appreciative of.'

Leo Burnett: 'The reason for my decision has to do with my name. It's not

Samantha or Simon and it's definitely not You There, Excuse Me or Oi Intern. You wouldn't think it'd be that hard to remember, would you?'

BBDO: 'I used to dream of being a great artist and adman. Thank you for crushing my soul.'

Saatchi & Saatchi: 'I'm not a paranoid person by nature, but I feel that something is amiss. Last month men in overalls came and took away the water-coolers. Then the microwave and fridge went walkies. Last Thursday the accountant walked out in tears. He had put all his files through the shredder and left nothing. Except his password.'

Grey: 'My increment was due six months ago. I spoke to the CD who sent me to the ECD who directed me to the MD who sent me to your boss who asked me to speak to you. This process required 17 appointments, 11 meetings and yielded the sum total of zero results.'

McCann: 'I'm officially bored. So I am left with no choice but to officially resign. Effective immediately. There's not much else to say really, except that I admire your ability to somehow work here.'

DDB: 'If I wanted to work for the government, I would've joined the civil service like my father wanted me to. I want to work in a creative ad agency. Maybe it's time I started looking for one.'

POST 35

Of the three types of collaboration, which type do you need?

Posted 5 October 2012 by Shawn Callahan

Ever had a meeting like this? A handful of people are gathered around a whiteboard and one person is drawing and talking, explaining what she means. In mid-flight, a colleague grabs another pen and adds to the drawing, suggesting another perspective. A new train of thought emerges. Everyone pitches in and the conversation is electric with ideas. With each new word, progress is made towards the participants' common objective.

Or how about when you had a thorny problem at work and remembered someone from your professional association who had talked about a similar problem? You decide to go to the group's monthly meeting and seek advice, and come back charged up with fresh new ideas from others in the community.

Today, we can cast our collaboration net even wider by putting a query online and getting back answers from people we don't even know. And they can be good answers. Just look at the network of programmers contributing to open-source programs, or the wealth of knowledge poured into Wikipedia. We can forge new alliances beyond the walls of our own organisations.

Collaboration is a process through which people who see different aspects of a problem can constructively explore their differences and search for solutions beyond their own limited vision of what is possible. Today, this involves more than groups of people working together as teams and communities. New ideas emerge from the interplay of perspectives, experience and knowledge that help us get work done, coming from people both inside and outside an organisation, those well-known and, yes, even strangers. And these collaborations can be long-lasting – or short-term, formal or ad-hoc.

Three types of collaboration

Older models of collaboration tended to focus on teams and a formal, structured process. We have more options now. Here we explore three types of collaboration and how we might approach them as an organisation.

In *team collaboration*, the members of the group are known and there are clear task interdependencies, an expected reciprocity and explicit time lines and goals – to achieve the goals, members must fulfil their interdependent tasks within the stated time. Team collaboration often suggests that, while there is explicit leadership, the participants cooperate on an equal footing and will receive equal recognition. An example is a team with six members who are working together to develop a new marketing strategy in a month, with a defined set of resources. Team collaborations can also occur with external partners, but there is always a clear mandate and defined roles.

In *community collaboration*, there is a shared domain or area of interest, but the goal is more often focused on learning than on a task. People share and build knowledge rather than complete projects. Members may go to their communities in an effort to solve their problems by asking questions and getting advice, then implement that advice in their teams. Membership may be bounded and explicit, but the time periods are often open or ongoing. Individual membership is frequently on an equal footing, but more experienced practitioners may have more status or power in the community. Reciprocity is within the group but not always one-to-one ('I did this for you, now you do this for me'). An example might be a community of practice that is interested in the type of marketing mentioned in the team example above. A member of that team may go to her community and ask for examples of past projects.

Community collaborations may also give rise to more formalised team collaborations. As people get to know each other, they can identify good fits for team members and draw new talent into their teams.

Network collaboration steps beyond the relationship-centric nature of team and community collaboration. It starts with individual action and self-interest, which then accrues to the network as people contribute or seek something from it. Membership and time lines are open and unbounded, and there are no explicit roles – power is distributed. Members most likely do not know all the other members. This form of collaboration is driven by the advent of social media (tools that help us connect and interact online), ubiquitous internet connectivity and our ability to join with diverse individuals across distance and time. It is a response to the overwhelming volume of information we are creating. It's impossible for an individual to cope on their own, so networks become mechanisms for knowledge and information capture, filtering and creation.

An example of network collaboration might be the members of the team in the first scenario described above bookmarking websites as they find them, using a shared or 'social bookmarking' tool. This benefits their team, and possibly their related communities of practice if they are also sharing bookmarks. But it's also advantageous to the wider network of people interested in the topic. At the same time, team members may find other bookmarks left by network members that are relevant to their team's work. This sort of network activity benefits the individual and a network of people reciprocally over time. The reciprocity connection is remote and undefined. You act in self-interest but provide a network-wide benefit.

From a white paper[1] *by Shawn Callahan, Mark Schenk and Nancy White.*

Footnotes

1 anecdote.com/whitepapers/?wpid=15

POST 36

Ways to strengthen your collaboration culture

Posted 26 October 2012 by Shawn Callahan

Collaboration is a skill and a set of practices we are rarely taught. It's something we learn on the job in a hit-or-miss fashion. Some people are naturals at it, but most of us are clueless.

Our challenge doesn't stop there. An organisation's ability to support collaboration is highly dependent on its own organisational culture. Some cultures foster collaboration[1] while others stop it dead in its tracks.

To make matters worse, technology providers have convinced many organisations that they only need to purchase collaboration software to foster collaboration. There are many large organisations that have bought enterprise licences for products like IBM's Collaboration Suite or Microsoft's Solutions for Collaboration who are not getting good value for money, simply because people don't know how to work together effectively or because their culture works against collaboration.

Of course, technology plays an important role in effective collaboration. We are not anti-technology. Rather, we want to help regain some balance, to shift the emphasis from merely thinking about collaboration technology to thinking about collaboration skills, practices, technology and supporting culture. Technology makes things possible; people collaborating makes it happen.

Today's organisations can consider not only how to support traditional team-based collaboration but can also adopt community and network collaboration where they serve their needs. Many of the things you can do echo across all three types of collaboration[2], while some are unique to one type. Here are some possibilities.

Foster collaboration leadership and support

Establish a collaboration coordinator

Establishing a collaboration capability requires someone to foster its development. People would think you were crazy if you suggested that an organisation establish a sales capability without salespeople, or a human resources capability without a HR team. Yet we have seen many examples of organisations seeking to enhance their collaboration capability without identifying or resourcing people to be responsible for developing and nurturing it. Wishful thinking is not enough. Nor is giving the role of collaboration coordinator as an 'extra task' to people who are already good collaborators. This can have unintended negative consequences, such as sending the message that the reward for being a good collaborator is getting more work to do. So time and resources must be allocated to the role, even if you start small. In fact, author Peter Block[3] is fond of saying that the projects that best succeed are the ones that are 'slow, small and underfunded'. We reinterpret this to mean, 'Think in small steps, iterate and grow as you learn'.

The role of the collaboration coordinator (or the evangelist, manager, specialist – the title doesn't really matter) could include:

- Finding opportunities in the organisation where better collaboration would make a difference to the quality of products and services, the speed of delivery of these products and services to clients, and the ability to use a diversity of ideas and approaches to ferret out good collaboration practices and tools
- Connecting people and ideas so new collaborations can flourish
- Helping people to learn and adopt collaboration practices and tools
- Collecting stories of how collaboration really works, for the times when you need to justify the role
- Keeping up-to-date with the field of collaboration
- Building a group of collaboration supporters

The collaboration coordinator can't do this job alone, so they should gather a group of supporters to help them. Collaboration supporters are your best option for tapping into the full power of team, community and network collaboration. They will have a variety of skills and talents, so pay attention to what each person can bring and channel them into the area where they can best make a difference; for example:

- People with strong project-management and strategic skills can be strong supporters of team processes and thus team collaboration. These are the people who like to focus on one thing at a time and support progress towards a defined goal
- People who are curious and who want to build their personal knowledge, and their identities in their fields, are often interested in community participation as a way to attain these goals. People who are good 'people connectors' can also bring tremendous assets to both community and network collaboration
- People who are curious, global thinkers, who can scan and connect people and ideas, are great network collaborators. They are often the 'bridgers' who bring ideas into the community or team from the network and carry out ideas to test and evaluate them. They don't seem to be fazed by the flow and volume of network information

Recruit and promote collaborative people

We used to recruit people based on their university degrees and years of experience in a specific field. Now, in the days of rapidly shifting work and knowledge, we need to recruit learners and collaborators. Here are some issues to consider:

- What are the key indicators to look for when hiring?
- How do you measure 'collaborativeness'?
- How do you strike a balance between promoting individual and group behaviours? (For example, what about free riding?)

Communicate the fruits of collaboration

Initiate communication with leaders

Don't wait for the boss to ask for documentation of collaboration success, especially if they have invested in the process. Coordinators should start by telling success stories to senior leaders, then back these up with reasoning and data. Use the context of a story to engage. Leading with data and reasoning reinforces current ideas about the utility of collaboration, which is fine if those ideas are positive. But if you need to convince people of the value of collaboration, then starting with the stories reduces the impact of our human tendency to look for any reason to confirm our current opinion, negative or positive (known as the 'confirmation bias').

Don't forget that learning also comes through those things we dread to voice – *failures*. Use failures to learn and to show how changes made in the system can mean improvements going forward. Collaboration that fears failure will never fully function. Failure is a part of the system!

Go beyond the leadership

Collaboration involves your whole organisational system. Staff may or may not perceive the value of collaboration, or understand how it works. So share the stories of success and learning from failures with members of the wider community, as recognition of their work and to reinforce that this is not just important to the bosses.

Celebrate both the people who have collaborated and the fruits of their work. Raise the visibility of collaborative leaders and followers. Be careful, however, about giving explicit rewards for collaboration because this can backfire – collaboration will be done only for the reward, rather than being driven by the motivation to deliver value, having pride in doing good work, and the joy of working with others to create what was impossible for any single individual.

Implement collaboration tools

New tools can help support all three types of collaboration. The key here is to identify what collaboration activities you want to support and then match the tools to them. Start simply and do not go overboard. Bells and whistles look nice, but they can also be off-putting, especially to busy people who are not tech fans in the first place!

Here are the basic technologies that might be useful for collaboration but which will be doubly important for people who are geographically dispersed, something that is becoming the rule rather than the exception these days:

- Telephone and conference-call capabilities, including call recording, can support teams and communities in focusing their work and making decisions

- Email (including the relevant distribution lists) is good for information dissemination, though be cautious about volume and make sure the content is relevant to the recipient for any kind of collaboration
- A place to share electronic documents
- Ways to share ideas and create content together; for example, shared document editing, blogs and wikis
- A people directory with photos of your collaborators at the team and community levels
- Instant messaging to see when someone is available for a chat (presence) or to ask a quick question
- A directory of the relevant networks
- Social bookmarking to share internet treasures
- Tools to aggregate content from the 'outside world', such as RSS readers

Many of the above features have been combined in commercial and open-source collaboration software tools. They often also include features like a group calendar, discussion threads and photo and video sharing. In terms of network collaboration, many people in organisations are unaware of how specific tools work or do not understand their value. So the starting point is to make these tools available and help people to use them. Begin with social bookmarking and show early adopters tools like Delicious[4], which enables people to bookmark and tag web pages; unlike individual bookmarks or 'favourites', anyone can see anyone else's bookmarks[5] using this.

However, the real value is in the tag associated with each bookmarked page – the word or label that indicates what the web page is about, and serves as a way of finding that web page again. Encourage people to perform a search on Delicious for a tag they want to keep track of. I track the tag 'storytelling'. The search results have their own RSS feed to which you can subscribe with your 'information aggregator'. Ron Lubensky, one of our commenters on the Anecdote blog, explains that this means that whenever someone tags a web page with your tag (word/phrase) of interest, you are immediately notified.

Start communities of practice

Developing communities of practice, or CoPs, is an organic activity: you never quite know what is going to happen or whether it will entirely succeed. This is why a big bang approach is a mistake. To announce to your entire organisation that you are going to develop a community of practice on topic X is likely to cause pain if the initiative fails to gain sufficient support. We have seen this happen. It is quite common when the organisation has just invested in community technology which has forums functionality – 'We must get CoPs going so that people are using this forum functionality'.

We recommend you take a more gentle approach:

- Identify some people with common interests in a domain that is important to the business
- Meet with each person separately and ask them about the things that interest, challenge, excite or intrigue them. Common items of interest invariably emerge
- Report to your potential community members that they have some interesting things in common and offer to organise a meeting so they can discuss them
- At the meeting, suggest they might meet regularly to enhance their learning around this important topic

Once the group starts to develop a rhythm (meeting regularly), suggest they think of small tasks to work on together that might improve their practice. Only when the group members say things such as 'How are we going to share these documents?' or 'Can we discuss this online?' do you investigate technology support. Some groups will get to this point faster than others will, and it does not matter one bit.

Keep a look out for indicators that suggest your community is making progress. But whatever you do, don't let management turn these indicators into targets! You don't want a situation where management, for example, is mandating that the community post X number of messages or have Y number of people attend the community meetings. Indicators are useful. Turning them into targets creates perverse behaviour.

Test the likely adoption

Before you embark on the journey of creating a new community of practice, we recommend you conduct the following simple test. When someone says, ‘I would like to start a community of practice’, simply ask, ‘Can you describe the potential members by completing the following sentence? “I am a …”’. If they can fill in the blank with a word or phrase that people can passionately identify with, then there is a chance a community might emerge.

Let me give you an example. I was helping the Department of Defence design a community of practice for project managers. I asked the sponsor to complete the test sentence and the answer was, ‘I am a project manager’. It was a strong descriptor, so we knew we had a chance of establishing a CoP. During the design process, the client had another job type for which they wanted a community. The job type was called ‘technical’. ‘I am a technical’ failed the test – we knew it didn’t have a chance.

Footnotes

1 See post 43 titled ‘Do you have the right collaborative culture?’ of this book.

2 See post 35 titled ‘Of the three types of collaboration, which type do you need?’ of this book.

3 peterblock.com

4 previous.delicious.com

5 delicious.com/unorder

POST 37

Why in-house advertising services work … and why they don't

Posted 25 February 2013 by Darren Woolley

Advertisers, especially retail advertisers, have had in-house advertising since before John Wannamaker was a boy. Usually these in-house facilities are company-owned, but occasionally they are implanted into the organisation by external suppliers.

The concept of the in-house advertising production facility has become more attractive to a broader range of advertisers in recent years, for several reasons:

1. Low-cost production technology such as computers, ringers and software
2. The increased speed to market compared with most external suppliers such as agencies
3. The diversification of requirements within marketing and across the organisation

You see, with the fragmentation of media and the move to a more content-driven marketing strategy, advertisers are looking for more cost-effective and time-efficient ways to meet their marketing communication needs.

Growth in-house

Recent in-house facilities TrinityP3 has reviewed provide services to units beyond marketing within the organisation; for example:

- Print production, including advertising print and collateral
- Video production, especially rich web content
- SEO and search marketing services
- Customer and data analytics

- Social media management
- Event management
- Sales and consumer promotions
- Copywriting and editorial
- Internet asset development
- Mobile phone apps

But while they can deliver many positives to the organisation and its marketing stakeholders, these in-house facilities are rarely problem-free. Often we are asked to investigate and assess the current arrangements and provide a business case or recommendations for change.

How it goes wrong

These facilities can sometimes become a cancer within the organisation, consuming resources, head count and budget, and becoming difficult and costly to manage. The problem invariably stems from the way the in-house facility was established.

In most cases, the original concept is for in-house advertising to provide a limited number of services as a cost-effective alternative to using external suppliers. One or more people with an agency or design company background are employed, usually externally, and immediately the demands on the facility grow. However, while the convenience of having the people doing the work on-site is appealing, what's more appealing is the fact that the service is funded with an internal budget. The people in the team, meanwhile, are eager to please, at least initially, as they see it as an opportunity to justify their position and secure their tenure.

Growth is usually organic, with no stated strategy or scope, and process is devised on the run. Soon there is a need to manage the procedure, as multiple stakeholders across the company are now accessing the service due to the convenience and apparent lack of cost. That means either someone in the facility steps up or a production person is hired externally.

If it has not happened already, the original facility owner, usually marketing, demands a new funding process as their budget is paying for all the other stakeholders. So now the facility has multiple owners. Marketing still have the bulk of the work, but they no longer feel they are getting the attention they need, with other stakeholders jostling for priority.

You can see where this is headed, or perhaps you have experienced this yourself at some stage.

Where it went wrong

The problem is that the facility is not another department or business unit. It is, in fact, a supplier. This is why external implants rarely have these issues – they are implemented on a commercial basis. But the difficulty with the built-from-the-ground-up model is usually that at no time was there a clear definition of the purpose, the people or the process.

In-house strategy

What is the purpose of the in-house facility? What is the scope of the work to be undertaken? How much work will there be? What are the potential growth plans? How will ROI be determined? What are the key indicators for success? And how will failure of the process be managed? These are some of the questions that should be answered up-front, before the first dollar is invested. You need to treat this as you would any commercial arrangement and apply a very clear business strategy and business model.

The reason this is often overlooked is that the implementation of such facilities is usually done in response to a short-term or tactical need rather than a longer-term strategic requirement. When this occurs, a business plan should be developed retrospectively with the input of all stakeholders – excepting the facility employees, who are often too concerned about maintaining the status quo.

In-house structure

Interlinked with strategy and purpose are structure and people. Who are the stakeholder users and what are their needs and requirements? Who will be able to interface with the facility and who will not? What specialist resources are required and how many? How will they be structured? How will they be managed?

Because these facilities often grow organically based on company need and internal demand, the number of heads can increase uncontrollably, with no clear justification for the roles and responsibilities of these extra resources. That is because as the resource grows, the new stakeholders are not necessarily visible to the current users. Having a clearly articulated structure, with contact points and well-defined roles and responsibilities, is essential.

In-house process

This is not so much the process for doing the work. After all, people who are skilled in the production type are recruited for this. Rather, the process here is more to do with the management of the facility. Relevant questions include: How will the organisation keep track of the number and types of jobs being undertaken in order to manage workflow and define resource requirements? How will the resources be paid for and how will these be valued? How will you ensure the in-house facility is running more cost-effectively than an external supplier option?

Many production people focus on the workflow to satisfy the immediate needs of the internal user but often overlook the greater necessity of managing the workflow process to ensure the strategic requirements are met. This is often because those strategic requirements were never defined as success criteria, and also because an angry colleague who is waiting for their job is a more immediate issue than that of delivering a high-value, low-cost service. But by managing the immediate needs of the stakeholders, production is ignoring the longer-term issues, which will rise up eventually.

In-house or outsourced?

The desire to build an in-house production facility is a business decision and should always be based on a sound business plan. The key objectives are either cost reduction, speed to market, greater effectiveness, or all three. Convenience is often mentioned by users, but this is too subjective to use as a success criteria.

Once you have made the decision, it is worth looking at suppliers who can implant these services into your organisation. Then it primarily becomes a commercial transaction that is easily assessed and is not subject to the issue of breaching head counts.

If you decide to build the facility yourself, then you need to develop a business plan based on strategy, structure and processes to ensure that at any time, you can assess how well the resource is performing against your requirements.

We are often called upon to review in-house facilities to determine how well they are performing against non-existent success criteria. As such, we have become adept at retrospectively developing those strategic criteria with the stakeholder users and then measuring performance against them. Often, the main issue is that inefficiency has been allowed to flourish within the in-house facility because cost and time efficiency were not articulated clearly as a measure of success.

POST 38

Two different ways to assess and evaluate agency performance

Posted 1 February 2013 by Darren Woolley

Increasing the performance and efficacy of the commercial relationships managed by marketing is important. Fortunately, there are a number of different systems and platforms available to assist with measuring, managing and maximising alignment and collaboration.

Within the Marketing FIRST Forum, we have developed two such systems that provide marketers, their agencies and procurement with access to various methodologies – from a simple scorecard completed by the marketing team of the agency to a two-way, multi-team or group evaluation on collaboration and performance. They are Hainsight and Evalu8ing.

Hainsight

Hainsight[1] is an online tool designed to conduct formal performance evaluations of the working relationships between marketers and communication agencies. We created Hainsight because we believe transparency in these relationships is the foundation for successful results.

Hainsight provides three evaluation types.

1. Marketer evaluates agency performance

This is a light one-way assessment. The agency is evaluated on four general capabilities: account management, people, cooperation and results. This produces clear and actionable information on how the marketer evaluates the agency.

Note that in a 90-degree evaluation, it is not possible to include your own questions.

2. Marketer and agency evaluate agency performance

This is an in-depth one-way evaluation. Again, the agency is evaluated on four general capabilities: account management, people, cooperation and results. In addition, there is a set of questions regarding a specialist capability.

The results of the evaluation provide clear and actionable information on how the marketer appraises the agency, as well as detail of the agency's performance self-assessment. Furthermore, a gap analysis is provided.

In a 180-degree evaluation, it is possible to include your own questions.

3. Marketer and agency evaluate each other's performance and conduct a self-assessment

This evaluation is an in-depth two-way evaluation, where both marketer and agency evaluate each other as well as conduct a performance self-assessment. Again, the agency is evaluated on the four general capabilities of account management, people, cooperation and results, plus a set of questions regarding a specialist capability.

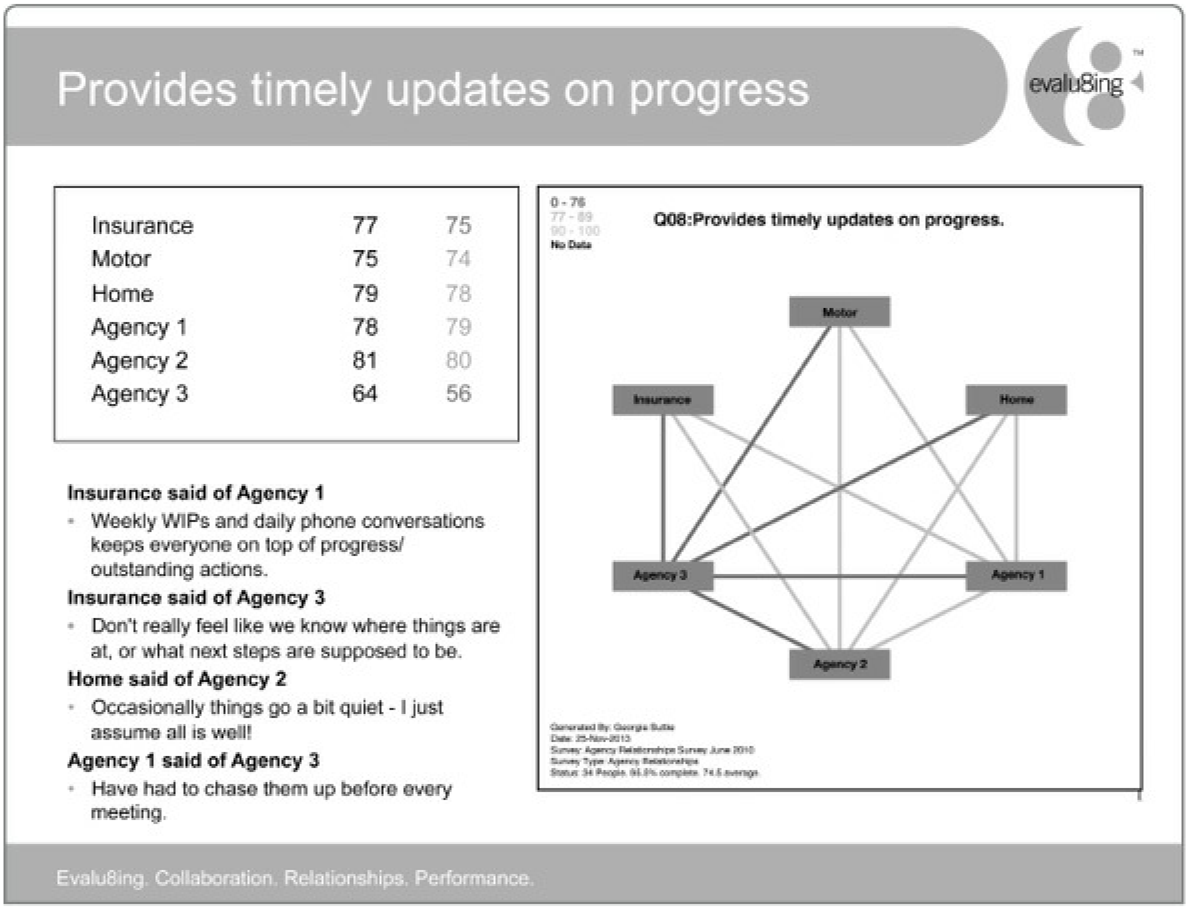
The results of the evaluation provide clear and actionable information on how the marketer and agency evaluate each other as well as on the performance self-assessments by both parties. Furthermore, a gap analysis is provided.

In a 360-degree evaluation, it is possible to include your own questions.

Evalu8ing

Evalu8ing[2],[3] is an online evaluation system that allows you to measure and investigate the performance of marketing and agency relationships[4] across multiple agencies and markets all at once, permitting a side-by-side comparison. Up to eight defined groups can be included in any survey. This could be six marketing teams working with the same creative and media agency or one marketing team working with up to seven different agency types[5].

We created Evalu8ing because we believe that in regards to the increasingly complex marketing process, there is a need to be able to measure, manage and maximise the level of performance, alignment and collaboration between the many stakeholder groups who are working together[6]. This can be various marketing teams, agencies or production teams, which may be all internal, both external and internal, in one market, or spread across multiple markets.



Evalu8ing provides three types of evaluation.

1. Performance

The Evalu8ing system offers more than 120 questions which have been tested and proven across five key categories: culture, collaboration, communication, project management and strategy. Alternatively, we can customise questions to suit the metrics and attributes you want to measure, manage and maximise.

We recommend using no more than 20 questions in the survey, This will take the average participant around 15 minutes to complete, no matter how many groups you are evaluating. To make it a true level-playing-field assessment, all groups answer the same panel of questions.

2. Relationship

The Evalu8ing system lets you explore the alignment, balance and performance between all groups within the survey. You can measure the relationships between marketers and their agencies, you can explore how agencies are working together, or you can examine how marketing teams are working together.

The fact that all parties are evaluating each other with the same questions and against the same criteria, and that this is occurring within the one survey, means you immediately see where the relationships are aligned and where they are not.

Sharing the results of the survey with the group or team leaders and facilitating discussion, not just on the scores but also the commentary, leads to greater alignment and improvements in addressing issues with these relationships.

3. Alignment and collaboration

Where marketers are working with multiple agencies, or multiple marketing teams are working with the same agencies, the ability to contrast the results across all relationships[7] leads to greater insights and understanding of the issues. It allows you to identify isolated issues and also more systemic issues[8] which may not be apparent from single relationship surveys.

Footnotes

1 hainsight.com

2 evalu8ing.com

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POST 39

Content marketing 101: five basic principles

Posted 12 April 2013 by Craig Hodges

It was the buzzword of 2012. Everyone from Coca-Cola to the local hardware store talked about how it would change their business. But what exactly is content marketing? And how can you make it work for your brand?

It's not exactly a new concept. Content marketing has been around in various forms for a long, long time. Did you know, for instance, that John Deere launched a customer magazine as early as 1895? From P&G's radio soap operas in the 1930s to the custom publishing boom and now the growth of online media, at its core, content marketing is simply the practice of using content to change behaviour.

In the US, Kraft has been employing a digital content marketing strategy for over 20 years, one that's designed to cut through the clutter of traditional advertising. The company began publishing branded content on its Kraft Foods site[1] in 1992 and has since added a magazine, a YouTube channel, social media properties and mobile platforms to its portfolio. According to Julie Fleischer, Director of Content Strategy and Integration, Kraft wants to 'own' its audience online by producing high-quality, engaging content, not by placing an advertising message between the user and the content that only interrupts the viewing. And it's working, with the ROI on their content strategy among the highest of all their marketing efforts.

HubSpot[2] is another great example of the power of content marketing done well. By producing case studies, videos, podcasts and e-books that educate their audience, inbound leads have become the company's most successful method of customer acquisition. The lesson to be learnt here is that only producing content about your own brand is nothing more than PR. Content marketing efforts should instead position your brand as a thought-leader and include information that is useful to the reader.

But understanding the concept of content marketing and what it can achieve is only the first step. Then you have to apply it to your business to drive sales and increase ROI. Here are five basic principles for doing so.

1. Establish a content strategy – the 'why'

There's no point producing content without knowing why. First, consider what you're trying to achieve. Do you want to increase sales? Be seen as a thought-leader? Strengthen your relationship with existing customers? Unfortunately, in an attempt to jump on the content marketing bandwagon, many businesses are producing content without clear goals or any kind of mission statement.

2. Identify your target audience – the 'who'

To understand the what, where and when of content, you must begin with who. Look at your analytics, ask questions online and on social media, and conduct polls and surveys to get a clearer picture of who your customers are. It's also important to listen to what they're saying – especially if it's negative. Keep a close eye on social media pages and blogs and get to know what your customers talk about on other platforms.

3. Produce content that is valuable and compelling

Although people are engaging with more content than ever before, online audiences are now much savvier and more selective about what they consume, which means your content needs to work harder to attract, engage with and retain the attention of your target market. Content marketing is about storytelling, not selling. It requires publishing skills, not marketing skills. That's why the most successful content marketers today are hiring journalists, not marketers or copywriters.

4. Market your marketing

Many content marketing efforts fail because those responsible think the fact that they've produced content is the end of the process. But it's only the beginning. And this is where social media is so powerful. In the words of Jay Baer, President of Convince & Convert[3], 'Content is fire, social media is gasoline'. There's no point producing great content if no-one sees it, so make use of technology like social media to get your message out there.

5. Gather data

Any successful content marketing strategy requires data in order to measure what content is working and what isn't, and to make adjustments accordingly. Matthew Pinkney, Head of Content for AFL Media, offers this advice: 'Try, test, discard if necessary'. One of the many benefits of digital media is that it's so easy to make changes if something's not working.

A good start

It doesn't take much to get started on your content marketing journey. And as long as you always keep the 'why' and 'who' front-of-mind, your travels will be rewarding.

Footnotes

1 kraftrecipes.com/home.aspx

2 hubspot.com

3 convinceandconvert.com

POST 40

How to pull a strategy together with a story

Posted 10 June 2013 by Shawn Callahan

Last week I flew to Vienna to help a pharmaceutical company develop their strategy. It was a two-day event. We used the first day to explore the company's current situation and their past by, among other things, creating a massive visual history across one wall of our meeting room. We delved into the important events that have shaped them and the lessons they've learned so far. We looked at the challenges they've faced and heard stories about how these challenges really impacted their work.

For me, this is the foundation of any strategy. The executives need to know and share the problems and opportunities they want to tackle. They need to get talking and make some real choices.

On the second day we focused on the future. I stepped them through a visualisation to get them out of their own heads, and then we shared stories about how the future was already happening in their business. At Anecdote we call these Gibson stories, inspired as they were by visionary author William Gibson[1], who is reported to have said: 'The future is already here. It's just unevenly distributed'.

This idea of finding things that work and then working out ways to do more of them certainly appeals, as it avoids the dreaded problem spiral – if you look for problems, you will find them – which can drain the energy from even the most up-beat group.

Towards the end of the second day, we had things on every wall of our room: purpose statements, goals, illustrations of a desired future, strategic themes. As you can imagine, the participants felt a little punch-drunk by this stage, having been smacked about the head by each new idea.

Then we finally pulled it all together with a strategic story. I'm always amazed by the effect. All of a sudden, everything falls into place for the participants. What they're doing has meaning and now they can explain it to others.

I like to finish a workshop by getting everyone in a circle and asking them, ‘So how do you feel right now? Not what do you think, but how do you feel?’ Many of the attendees in Vienna felt energised and had a sense of accomplishment. They all admitted to having felt a little confused halfway through the workshop, wondering how it would all come together – as I had warned they would. Some wanted to get onto the next step and work out the plan.

As for me, I wanted them to keep their strategic conversation going, because no matter how good a two-day event might be, it’s often only the beginning of a bigger decision-making process. Executives need time to let the possibilities sink in. But it’s far better to make some real decisions and put them into action, then learn from experience and adjust your approach moving forward.

Footnotes

1 williamgibsonbooks.com

POST 41

The Publicis–Omnicom merger – What’s in it for marketers?

Posted 5 August 2013 by Darren Woolley

On Monday 29 July, I woke up to the alarm on my iPhone at 6 a.m. as usual, but it quickly became apparent from the emails that had arrived overnight that this was not going to be a typical Monday. On Sunday in Paris, Maurice Levy[1] and John Wren[2], of Publicis Groupe and Omnicom[3] respectively, had announced to the industry that they were merging their companies to form the world’s largest advertising communications holding company.

My inbox had emails from a procurement journalist friend in the US asking if I had any comment, a blog post from my UK partners in the Marketing FIRST Forum[4] and various industry e-newsletters from across the globe that had all reported the news. As the day progressed, I provided opinion for marketing journalists in Hong Kong, Singapore and Sydney[5].

A week later, although much has been said and written on the topic, I think it is worthwhile reviewing and reflecting on what was headlined as ‘The advertising event that shook the marketing industry’[6]. It’s especially important to try and work out what is in this for marketers, because it is marketers who are the ultimate buyers here. You would hope that the merger will deliver benefits to them. But that overlooks the other stakeholder group with a financial interest – investors.

What is the reason for the merger?

The Omnicom and Publicis Groupe merger was a reasonably well-kept secret, with speculation arising in the trade press only on the Friday before the Sunday announcement. I say reasonably well kept considering the size of the announcement and the fact that advertising is not generally known for its ability to keep a secret. (Interestingly, AdAge published an article on 26 July which questioned the speculation and mounted a cohesive argument about the obstacles to such a merger, but it has since been removed.)

The basic facts of the announcement[7] were that the second- and third-largest agency networks, Publicis and Omnicom, were merging to create the largest advertising network in the world, dwarfing the previous number one, WPP. But when it came to explaining the benefits of the move for advertisers and marketers, the announcement was light on. It seems to me that its focus was not the clients of the two networks but the government regulators and institutional investors who will need to approve the merger.

The new network is to be known as the Publicis Omnicom Group[8], or POG for short. Now there were numerous reports that the whole merger idea actually started as a joke, but that as discussions progressed, the idea became less humorous and more serious, until it finally came to pass[9]. But the real joke is the three-letter acronym for the new group. You see, POG already has several meanings, none of them particularly flattering, especially for the largest agency holding company in the world.

Urban Dictionary[10] defines a POG as:

1. *A service member in any branch of the military that does not hold a masculine and dangerous combat occupation, often found posing for pictures exhibiting weapons in front of heavily secured fast-food restaurants on fortified bases that are never engaged by actual enemy forces*
2. *A cowardly, unmanly nancy-boy that yearns to be an elite soldier but lacks all talent and bad-assedry required to live up to being an infantryman*
3. *Acronym for 'Person Other than Grunt', synonymous to terms fobbit and tockroach*

It seems, however, that the team that are bringing us POG do not have a sense of humour. One enterprising social media expert decided to take the Publicis–Omnicom twitter handle and start a spoof account[11] that tweeted during the announcement and for a day or two after, until POG shut it down.

What do the competitors think?

I told one journalist that this is a battle of egos, which are never in short supply in advertising. Indeed, there is no love lost between the top three players. After acknowledging the merger, WPP went on the attack. Chief Executive Sir Martin Sorrell suggested that the Publicis merger was a bad deal for Omnicom shareholders[12], as by his reckoning Omnicom is the more valuable partner, yet its shareholders will end up with only half the shareholding.

Meanwhile, Sorrell's trusted lieutenant, Dominic Proctor from GroupM, was questioning the media buying benefits of the merger, stating, 'Scale counts for nothing if it continues to be disparate'[13]. In Australia, GroupM head John Steedman cautioned the market by stating the obvious, that POG had a 'massive task' ahead of it[14].

And although POG will be bigger than WPP globally, Sir Martin Sorrell was also quick to point out that in Asia, one of the fastest-growing regions in the world, WPP will still be more sizeable[15]. Comparing size was not enough to provoke a response from Messrs Wren or Levy, though. The hot button was speculation that client conflicts would see POG lose valuable revenue, with Maurice pointing the finger at WPP over the matter[16].

The issue of client conflict seems to me to be a smokescreen. WPP have been very successful at managing conflicts, perceived or otherwise, by using their various networks and even creating customised agencies for large advertisers[17]. The fact that both Pepsi and Coca-Cola currently have their accounts with POG agencies does not necessarily mean there will be a conflict, as both are held by different agency networks within the group.

But this is not just a battle of size between the top-ranking groups. The other agency holding companies are also impacted by the merger. The CEOs of the other groups, including Havas, IPG and MDC Partners, can see some positives for business and some negatives for clients[18], but all will benefit from the increased focus on future mergers and acquisitions.

What do the industry bodies think?

The industry bodies on both sides of the Atlantic have also offered mixed reactions to the merger. A particular concern for the WFA and ISBA appears to be the impact on media buying[19], although beyond this concern, the ISBA sees the merger having little effect in the UK. ANA members' concerns are focused on the management of conflicts within the new super-POG-holding company[20], but otherwise they are quite positive about the merger, seeing an opportunity for the industry in the coming disruption.

What do the consultants think?

Like myself and the rest of the TrinityP3 team, other consultants are scratching their heads over the POG deal[21]. The problem is that it is hard to see the value for clients. As I said previously, the whole deal seems to be more focused on meeting the needs and expectations of the shareholders, not the advertisers.

This is best explained in a terrific article by Avi Dan[22], who writes for Forbes. He says that the trend of mergers and acquisitions started in the early days of Saatchi & Saatchi. The CFO back then, Martin Sorrell, used this strategy to help WPP reach the number-one position. This merger is really just a validation of that strategy. But more importantly, it reinforces the fact that financial growth for agency networks and holding companies is only delivered through M&A. This just happens to be the largest to date.

What is the impact on media?

According to the merger announcement, a key benefit is opportunity in the media space. But one of the best, most-focused analyses[23] of the impact on media of the new entity's buying clout, by Tom Denford at ID Comms, our Marketing FIRST Forum partner, points out that apart from the top 20 POG clients, there is very little benefit in the media space. A more noteworthy development is the fact that POG will have the scale to directly impact on media owners and even create exclusive media with existing global media players like Google, Facebook and the like[24].

There will also be a smaller impact on a market-by-market basis, with some affected more than others. In the Australian market, the new POG media buying group will be more than twice the size of the next largest media buying group. This is where regulators will need to review each market carefully, and where local media owners will be most at risk.

What is the impact on digital advertising?

Data and digital are becoming more and more important in reaching and engaging with consumers. The new POG holding company will have the scale to maximise its capability and depth of skills in data[25] and digital planning and buying. But concern has been expressed in a number of quarters that POG's huge size will mean that it will not be able to move fast enough to capitalise on this opportunity in either area[26].

What is the fallout for other agency networks?

There are two key impacts on the other agency holding companies and networks. The first is that the enormous disruption caused by any major change can lead to further change, and out of this change will emerge winners and losers[27]. The problem is that the hype around the merger has created client expectations about the associated benefits. If clients are frustrated by the delivery of these benefits, they may look further afield. And not just to other holding companies. Small and independent agencies have also identified the new opportunities[28].

The second is that this merger will potentially trigger further M&As. Already there has been a rise in the share price of Interpublic Group, along with that of Havas and MDC, following the announcement of the POG deal.

What is the impact on creativity?

As IPG's Michael Roth said in a memo to staff on the subject of Publicis–Omnicom, 'Bigger doesn't make for better creative'[29]. One of the issues the large holding companies battle with is holding on to quality staff, who are often frustrated by the bigger bureaucracy or simply end up being unaffordable as holding companies balance clients' demands for lower costs against shareholders' demands for returns. Often, these disenfranchised players are attracted to independent shops or may set up their own, the irony being that they ultimately build the businesses to the point where they are acquired by one of the holding companies they escaped. This is all beautifully summed up in The Ad Contrarian post 'Advertising industry gives up'[30].

What is in it for marketers?

I really do not see a lot of opportunities or benefits for marketers and advertisers. Time will tell, but at this stage, I think the biggest beneficiaries are the two main players and their advisors. Maurice Levy gets a legacy (and French men have a long tradition of leaving a legacy), while John Wren becomes the cock of the biggest roost in ad-land. But for most advertisers, all it means is that now there is one less holding company. This view is echoed by many of the advertisers affected by the merger[31]. It is a case of wait and see what happens.

The best advice I have seen to date was offered by Gartner[32] to the clients of Publicis and Omnicom, marketers who are clients of other agencies and media clients. Basically it is to assess, monitor and review against your business needs, and to not make any hasty decisions.

As a final word on this, here's how Richard Pinder, formerly the head of Publicis Worldwide, sums up the merger:

> *For a start there is precious little in the announcement about WHY this is better for clients. We can see it's better for doing deals with the big media partners, old and new. Scale counts there. But when the bulk of the enterprise's activity is still about finding, creating and executing inspirational ideas to motivate the world's population to choose one brand over another brand, there is a point beyond which scale can actually be a disadvantage – talent feels lost, ideas get killed by people who have no idea what the clients' needs are and everything takes too long and costs too much.*[33]

Footnotes

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2 ceoqmagazine.com/mostrespectedceos/ceo_omnicom_johnwren.htm

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POST 42

The top five agency accounting practices that irritate clients

Posted 16 November 2012 by Nick Hand

My mother always used to say that 'trust is earned, not given'. Which is just like money, then – most of the time at least. And what we find all the time at TrinityP3 is that in an agency–client relationship, whenever money is being lost, or even when there is just the perception of money being lost, trust goes spiralling down the plughole.

Here are the five most common errors we come across when we're looking at agency remuneration deals. While they're nearly always unintentional, they tend to do the most to destroy trust. Fortunately, they're easy fixes!

1. Getting the invoice wrong

The idea was a cracker, executed perfectly, and the client's sales are up. Agency and client are patting each other on the back and life is good. The client is even talking about a bonus payment to the agency. That is, until the account exec asks for the wrong estimate to be billed – you know the one, the initial estimate that was raised for the script that was going to cost twice the budget, before the location, talent and music were downgraded.

Now the marketing director is yelling down the phone at the agency CEO, accusing them of 'trying to sneak one past us'. Relationships become strained, and the success of the campaign (which was really good) is quickly forgotten, all because of an admin oversight. And don't even get me started on not submitting invoices on time, leaving off the PO number etc. etc. (maybe a blog post for a future date). Get the invoice right.

2. Marking up third-party costs

The contract says you can't, but you've managed to do a cheaper deal with the supplier, it's only $50, and the administration involved in reconciling it is too hard. Or the disclaimer at the foot of your estimate states that it's a 'fixed price quote' so you believe you can ignore the unders and overs. Or the difference will make up for some of the time that you had to write off. Or the client's systems can't deal with the credit notes.

The justifications are probably quite valid, but when the client's finance or procurement find out, it looks – despite honest intentions – like the agency is ripping them off. Dealing with these items is one of the most difficult and time-consuming areas of the client–agency financial relationship. However, there is a solution: talk to the client! Explain the problem to them (before it ever becomes an issue) and together work out how to deal with these items, make them terms of the contract, and explain the process to all those who need to know (both agency and client).

Consider, perhaps, a dollar threshold for not needing to reconcile, or do a reconciliation by campaign rather than by job, or a 'bulk' reconciliation every quarter, or agree that some items need to be reconciled and others don't – whatever fits best with the way the client and agency work together and the nature of the relationship. (You could, of course, strike the 'at cost' clause from the contract. Let me know if you succeed!)

3. Double dipping on cost plus mark-up rates

Much has already been written about the calculation of 'cost plus' rates[1,2], whether they are project head hour rates or retainer head hour rates. To quickly recap, these are the cost of employment of an agency employee (or average cost across a role) marked up by a factor to cover the general costs of running the agency (overhead) and further marked up by another factor to provide the agency with a profit margin, divided by the number of hours the employee is expected to work.

When calculating the cost of employment, many agencies start with the salary figure and add to it employment on-costs such as payroll tax, workers comp insurance and annual leave entitlements – nothing wrong with that. Except that then, either inadvertently or by design, the agency marks up the cost of employment by the overhead factor, which also includes these on-costs, effectively double-counting and inflating overhead rates by as much as 20% depending on payroll tax rates and so on.

Include the on-costs in either the cost of employment or the overhead component, but not both. And if your agency is participating in a competitive pitch, where your mark-up multiples are being compared with those of other agencies, you should explain which method you've used.

4. Allocating an agency employee more than 100% across a portfolio of clients

This is common practice, done so the agency can squeeze as much revenue out of one person as possible. It seems harmless enough (except to the family life of the poor individual involved), but there are implications for the agency–client relationship.

Consider an account director named in the contract with Client A at 80% and named with Client B at 50%. Not only is each client paying for a certain number of hours (1320 and 825 respectively, if 1650 hours are used as the annual base), but clients have a reasonable expectation of that same level of attention and focus on their business. Client A may indeed get their 1320 hours (because our account director is doing at least two and half hours of unpaid overtime a day), but they are also getting a distracted and stretched account director who can't possibly devote 80% of their energies to Client A's cause.

5. Leaving the unders and overs conversation too late

Unfortunately, many agency people are not comfortable or skilled at having the 'money' conversation with clients. Often, the actuals incurred on a job will exceed the approved estimate and the agency can legitimately recover the additional amounts. However, they don't raise this with the client until it's time to send the invoice, at which time the client struggles to find, or can't get, the additional budget approved – making them (and by association the agency) look foolish and unprofessional in the eyes of their business. Or worse, the agency just sends the invoice for the extra amount without having the discussion at all. Needless to say, it usually doesn't get paid.

Flag the extra cost, when it happens, and you'll find that most clients are happy to pay the extras.

Footnotes

1 trinityp3.com/2011/08/how-fees-are-calculated-for-agency-compensation

2 See post 9 titled 'A step-by-step approach to calculating ad agency resource rates and head hour costs'

of this book.

POST 43

Do you have the right collaborative culture?

Posted 19 October 2012 by Shawn Callahan

Does your organisation have a culture that works in favour of the team, community and network types of collaboration? Or are you fighting against a culture that stifles collaboration? A stifling culture may be one that has a singular focus on individual achievement, does not value the sharing of knowledge or expertise, or simply ignores the network.

The role of leadership

Leadership is the keystone for establishing supportive collaboration cultures, especially in teams and communities. This is based on how leaders embed their beliefs, values and assumptions in the fabric of their organisation.

There are six main behaviours that leaders display that mould the organisation's culture:

1. What leaders pay attention to, measure and control on a regular basis – Are they paying attention to collaborative strategies and behaviours from team, community and network perspectives?
2. How leaders react to critical incidents and organisational crises – Are they sacrificing long-term goals for short-term fixes which sabotage collaboration? Does a fear of connecting to the larger network keep them from tapping into it?
3. How leaders allocate resources – Are they investing in the collaboration capability? Is this investment attentive to all three types of collaboration?
4. How leaders express their identity through deliberate role modelling, teaching and coaching – as our leaders collaborate, so do we!
5. How leaders allocate rewards and status – Are your leaders rewarding individual or collaborative behaviours, or both?
6. How leaders recruit, select, promote and excommunicate – Are

collaborative talents sought and nurtured?

Team culture

Team collaboration requires a culture that values and supports specific interdependencies between people. In other words, we look out for each other and we can't succeed without each other. Do your organisation's teams have clarity around the following?

- Priorities – team success over, or in alignment with, individual performance
- Targets – delivering outcomes on time, to budget and to specifications
- Learning – learning from within and across teams:
- honest, constructive feedback
- knowledge sharing, not hoarding
- Explicit team processes:
- communications
- working and workflow
- identity-focused role clarity
- decision-making

Community culture

Much community collaboration is voluntary, so the issues of status and reputation carry a different weight here than they do within teams and formal organisational structures. Communities can be challenged because they don't have the stick of 'Do this work or you won't get paid!', and the status of the organisational role may not be relevant. So community leaders often lead with their own passion. They either gain the support of members or they are rejected. Members engage and build their own reputation through contributing, which may later indirectly reflect back in their rise within the organisation.

Things to examine in your organisation's community collaboration culture include the following:

- Are there incentives or rewards for participation in communities or in addition to one’s team roles? Are there disincentives?

- Do people have time to participate in communities or are they only ‘on your own time’? If the latter, how do you feed that knowledge and participation back into your organisation’s goals?
- Is there clarity about what information it is OK to share between teams and communities?
- Is the community there to support people who wish to enhance their craft, or is it merely an organisational initiative for sharing knowledge that people are instructed to attend?

Network culture

Networks are reliant on the stimulation of various points or nodes, rather than on centralised leadership. A need is expressed and, somewhere, someone in the network who can respond to that need replies. Factors to consider in supporting network collaboration in your organisation include the following:

- Network collaboration is reliant on the sending and noticing of signals around issues of shared interest. How do employees attend to this sending and receiving in ways that are useful to the organisation?
- With information overload being common, the ability to filter and scan the messages that fly across a network is critical, from both a tool and a skill perspective. Have those in your organisation who are good at this been identified? Are they given time and support to play this role?
- Identity and trust manifest differently in networks, where identity is more about what you know than who you are, and trust is about consistent delivery and quality rather than a personal sense of trust and one-to-one reciprocity. In other words, you can trust someone without getting to know them. Are employees in your organisation aware of and using this distinction to best participate in the relevant networks? Are they rewarded for participation that builds their network reputation?
- Networks can raise the profile of employees and so create the perceived or real threat of them being poached by other organisations. Are key employees being rewarded so they don’t want to leave? Bright stars will shine, so leaders had better be aware of the danger and be proactive!

- Networks can make leaders feel as though they have nothing to lead. Individuals can easily bypass nodes in the network that they don't care to interact with, making one person a leader to some and irrelevant to others. So leadership becomes distributed and embodied in the actions of each individual. How does your leadership culture (noted above) work with this distributed leadership style in network culture?

POST 44

Why people don’t use collaboration tools

Posted 7 September 2012 by Shawn Callahan

David Pollard recently invited any interested party on the net to join him in a collaboration project using Writely[1]. The topic was: Why are conversation and collaboration tools so underused? Dave started by listing a number of responses to the topic and then posed some questions, which is when I jumped in with some points of my own. Interestingly, since then, only a few people have gotten involved and the discussion hasn’t progressed much. Hmmm. Perhaps collaboration requires a strong need to work together.

Here’s Dave’s initial list:

- Most people are still unfamiliar with these tools
- Many of these tools are unintuitive and hence not easy to learn to use
- The way you have to use these tools is not the way most people converse and collaborate; that is, they’re awkward
- Most people have poor listening, communication and collaboration skills, and these tools don’t solve (and can exacerbate) this underlying problem of ineffective interpersonal skills
- The training materials for these tools don’t match the way most of us learn and discover; that is, by doing, by watching others, and iteratively by trial and error
- Often, the people we most want to converse or collaborate with aren’t online
- Often, we don’t even know who the right people are to converse or collaborate with, so we need to go through a process of discovering who those people are first, which these tools cannot yet effectively help us with. Once we’ve discovered who the right people are, we’ll likely find we are already talking with them using more ubiquitous tools
- We are not accustomed to learning with others. Traditional schooling rewards individual effort; for example, you take the test by yourself

Now here are my additions to the list, followed by my answers to the specific questions posed by Dave:

- When faced with a choice between learning new technology or chatting to colleagues on the phone and email to get a job done, if it can be done using what people already know, they will go with that
- Collaboration tools work best when your collaborators are geographically distributed and in other time zones, and I wonder how many teams are in that situation. Sure, globalisation is becoming more influential, and small, nimble operators are connecting using these tools, but how many large corporations are active users? I know IBM is; I would imagine technology firms would be at the vanguard. I was surprised, however, when PricewaterhouseCoopers consultants arrived at IBM and I discovered they were unfamiliar with collaboration tools and disinterested in using them
- The tools work best when all the collaborators are equally enthusiastic about, and capable in, using them. It just takes a handful of influential members of a team to stop using a tool for that tool to be abandoned
- The majority of people in organisations are baby boomers (I'm not actually sure this is true) and haven't been brought up in an environment where collaboration tools are used. I was in a pub the other day and I overheard a small group of people in their 20s and 30s talking about their Myspace interactions. These people already know how to use the tools and will expect them in the workplace

Is the answer to make the tools better? If so, how? If not, what is the answer?

I think we need to make tools that operate in ways we are familiar with. People are all learning to use browsers, so our tools should be browser-based. I think we should stop encouraging people to use a new tool and then just send them a URL and say, 'We are going to share our documents here. Feel free to update the calendar' and let people go for it. Saying it's a new tool that will make their life better prompts people to put up the shutters: 'I'm too busy to learn something new'. Yet learning something new is fun.

Given time, do you think people will eventually learn to use these tools, despite their shortcomings? Which tools, current or envisioned, will be the winners, the killer apps for online-enabled conversation and collaboration, and why?

Content volume kills collaboration tools. I've used Lotus Teamrooms[2], Groove and Basecamp[3], and in each case, when the volume of the content becomes unwieldy, the users stop using the software. Considerable effort is required to clean out the material, archive it, highlight what's important and bring to people's attention the key things to notice. At the moment I favour web-based tools like Basecamp because of their keep-it-simple philosophy and the fact that they're browser-based.

What one simple thing should we do/learn to most effectively enable people to become better conversationalists, and how would we do this?

In addition to listening, I think knowing how to craft and ask good questions which encourage people to converse is essential. I like asking questions that elicit stories, such as 'What happened?' or 'When was the team at its best?'

What one simple thing should we do/learn to most effectively enable people to become better collaborators, and how would we do this?

Focus on the practice of collaboration and only introduce tools when the need arises. For example, a research group might decide that finding a new way of harnessing energy from heat is a promising project. They start off chatting on the phone and sending emails to one another, and then someone says, 'It would be good if we could track the versions of this document we are creating'. That's the point at which a tool could be introduced. I would run a poster campaign in an organisation with the title 'Avoid using collaboration tools for as long as possible' and then use the rest of the poster to describe the signs the team should look out for before introducing effective tools. Put practice and process before tools.

Footnotes

1 google.about.com/od/googlereviews/fr/writelyrev2.htm

2 www-01.ibm.com/software/lotus/?lnk=mprSO-lotu-usen

3 basecamp.com

POST 45

Advertising climate change – solving the square peg / round hole dilemma

Posted 15 May 2013 by Jon Bradshaw

In the first part of this rant[1], I explained my view that the changes in the media landscape are reducing, and may even eliminate, our ability to interrupt audience activity with our brand messages. This led me to conclude that advertising has to evolve into something that people actually want or need in their lives in order to survive, something they will pull into their world rather than have us push it in. I also believe that as well as working out what the brand wants to say and where it wants to say it, we need to answer a third question: Why would the audience want to engage with it? In this, the second post on this topic, I will explore this idea of 'why' in more detail.

Re-engaging with your audience in the new marketing landscape

I think that marketing has evolved into four different approaches, or nodes, and that one of the key issues with managing audiences and engagement today is that marketers don't recognise the existence of these approaches and the inherent differences between them in terms of how and why consumers engage. We end up trying to fit square-peg advertising into round-hole media. In so doing, we risk losing the audience and consequently our livelihoods.

These four nodes or approaches to doing the job of advertising are:

- Storytelling
- Relationship management
- System building
- E-commerce

I'll briefly explain each one, as in isolation I think they're fairly easy to understand. Crucially, I will give my view on why consumers might choose to engage with each particular node. I'll discuss how 'new' media affects the approach in good and bad ways. And then I'll talk about what we can conclude from this seemingly trite observation.

Storytelling must be entertaining

Historically, marketing has used a 'storytelling' approach, where brands create stories (or ads) about themselves. Consumers have engaged with these stories when they have been informative, unexpected and, most of all, entertaining. And this is the mechanism most under threat from the decline of interruption as an option. The only reason for the audience to choose to engage is if the advertising is entertaining. That's why as an industry we prize creativity so much. In fact, when we actually do the hard work to analyse effectiveness, we find that ads that win creative awards are also often more effective. The more entertaining the ad is, the more people will choose to engage with it, beyond the intrusion of the ad into their leisure time.

The issue is that this form is reliant on the push mechanism. I can count on the fingers of one hand the number of ads people will actually seek out and sacrifice their leisure time to watch – that's one hand that's lost a few fingers. We might like to kid ourselves that our ads are so highly creative that they qualify as genuine entertainment. I certainly have. But given that outfits like HBO spend hundreds of millions of dollars trying to be entertaining and don't always succeed, I think we might be somewhat delusional.

Integrated branded content is one solution to the problem. The questions is, can we make the brand part, or all, of the broadcast show? Networks and media owners are starting to grapple with this issue. I'm certainly a fan of this approach when it's done well, when the brand has a real reason to be part of the show, when the show genuinely reflects what the brand wants to say. Some of the *MasterChef* integration has been clunky and intrusive, but some of it has been first-class. Similarly, shows like *Iconoclasts* and the amazing stuff from Red Bull Media House demonstrate that it is possible to do long-form brand content that is worthy of a place in a commercial schedule.

'Digital' media also offers up some opportunities to counteract some of these issues. In recent years, we've seen the rise of a more participatory approach to storytelling, like the 'Share a Coke' and 'Best job in the world' campaigns. I think this more cognitive, behavioural approach to marketing has huge potential. With audiences shrinking, it's a way of having a greater impact on a smaller group of people, a way of encouraging sharing and 'virality'. The maths works. It is, however, much more complex than the old 'make ad, air ad' approach. Nothing strikes more fear into the heart of the marketer than the agency saying, 'Don't worry. This one will go viral!'

Then there's the real risk that in the search for an engaging participatory approach, we lose sight of the brand proposition. In the rush to be interactive, we often forget that we are still in storytelling mode and that the story we are telling is the carefully constructed one that concerns what the brand wants to say. Or we forget how hard it actually is to get consumers to participate – clicking 'like' is hardly a huge advance on passive media consumption. In some cases, we lose the plot altogether. A tasty iSnack 2.0 anyone? All too often, the mechanism cart gets so far in front of the brand horse that the brand all but disappears.

The owned media space also gives us a great platform on which to develop brand-owned content and 'always be on'. But can we command an audience by regularly producing and airing great content on 'owned' digital channels or sites? Brand as publisher and content marketing are certainly hot topics at the moment, and rightly so. Content that is always on, however, is uncharted territory that many of us are ill-prepared to explore. Brands and agencies are not set up to deliver the sheer volume of content required to fill an owned channel. Being genuinely entertaining week in, week out to secure regular traffic to your owned space is far from easy. Look at how well some of our broadcast channels aren't doing at this very game. My view is that there is no such thing as a free media lunch. There's a cost for securing an audience, through whatever channel. Just look at the millions that Foxtel, Nine, Seven and Ten spend on promoting their own channels if you need indicative evidence.

Once you're not entertaining in your owned space, however, you're dead. The old approach of careful crafting between client and creative, of ad testing, high-cost production and rock-star directors, cannot survive this world. Adam Ferrier[2] recently asked in Encore if the days of big production budgets were over, and if so, was it a loss? I wonder if instead of spending $1 million on one precisely constructed ad, we might see brands spending the same money but getting 100 three-minute pieces of content that fill their channels.

The risks here are the same. In all this proliferating, additional complexity, in this additive world, the job hasn't changed. We still have to powerfully communicate what it is the brand has to say. It cannot be a balancing act between being entertaining and being 'on brand'. It has to be both or nothing. This has always been a creative tension, and not always a healthy one – certainly not one that has always been resolved. I refer you to every boring ad you've ever seen and about which you remember little, especially not what they were selling or saying.

Nothing exacerbates my marketing OCD more than people talking about their latest ad as a 'film'. I don't make films, sadly, I make ads. The distinction is crucial and commercial. The pressure to be genuinely entertaining enough to command an audience will only make this tension even more difficult. As the need to be entertaining in our storytelling increases, and as the media in which we broadcast gets more complex, so the need for razor-sharp brand strategy also increases, or we risk forgetting why advertising exists in the first place. Being creative and entertaining is an executional necessity, but it's not a raison d'être.

Relationship management must deliver a reward

The second marketing node is relationship management. Service businesses in particular have long used a relationship management approach and rewarded consumers in order to drive retention. They have developed quite a science and an infrastructure behind it, as well as encouraging a raft of specialist agencies to service their needs. What many brands that have tried to operate in this space have failed to recognise is that the audience, in return for agreeing to a relationship with you, demands some type of reward: If you want to ping me messages every week, I want something back from you. And that's probably not just a link to the YouTube clip of your latest ad, or a 'Happy birthday!' message. To truly build relationships with consumers, there has to be a value exchange. We are no longer in the entertainment space. We are in the realm of reward. That changes everything.

Technology has obviously had a profound impact on this space, allowing the data to drive apparently tailored and personalised messaging, and hence hopefully deeper engagement. As with content marketing, 'big data' is a hot topic. But knowing who I am, where I am and what I like isn't good enough. You still need to use the information to give me stuff I want!

It’s much easier to do data-driven relationship marketing when you own the billing and transaction relationship. Banks, telcos and other service businesses automatically accrue rafts of data upon which to base their relationship campaigns and offers. Most FMCG brands don’t have that luxury and so they haven’t developed deep expertise in this field.

As the big data providers gain traction, however, this becomes a much more realistic option for product marketers. I’ve worked with both service and consumer goods and it has always struck me how poorly developed are the storytelling skills of many service brands, and conversely how appalling product brands are at retaining those consumers they have gained through relationship management and the delivery of rewards.

What’s really interesting to me is seeing some major product brands get into this space. Coke has developed a portfolio-driven, multi-brand loyalty space in Coke rewards[3]. I think this is groundbreaking stuff, however simple it may look if you’re a bank marketer. I know just how hard it is to pull off portfolio-led initiatives in brand-led business. To do that in the relationship/reward space is even harder. It may be an acorn right now, but it’s really no surprise that one of the world’s most creative and innovative product brands is leading the charge on product relationship marketing.

System building must create utility

Mobility and the rise of the app in particular have driven real growth in a new marketing approach. This is the third node, the notion of system building or software development as marketing. Nick Law of R/GA[4] talks far more authoritatively than I ever will about the rise of software as media and how that fundamentally changes the nature of the marketing that flows through this channel. I subscribe to Nick’s view of the world and believe that this new approach, of all of them, has the greatest potential to change what we do. In my opinion, getting this ‘channel’ (if we can call it that) right relies squarely on the notion of utility. If you want me to use your marketing rather than consume it, you better make it useful or you will be deleted. Commonwealth Bank have been doing some nice work in this space with their Effie-winning Investorville campaign[5] and their Property Guide app – real usefulness that also delivers real brand messages.

Now some of you might be muttering the word gamification into your developer's or hipster's beard right now. Surely Investorville is a game? Well obviously there are elements of gaming inherent in the design; they make it fun and engaging. But in my opinion gaming is not why this campaign works. It works, I believe, because it's useful. Try selling Investorville as a product for people to play on their Xbox and you'll see just how good a game it isn't.

Gamification for me is mostly just another modern aspect of interactive storytelling. If it isn't entertaining, it won't succeed. Again, just as HBO make content, EA make games. They are the new competition for consumer attention, not the agency down the road. Done badly, brand apps are just another form of lacklustre storytelling that offer the consumer no real reason to engage, gamified or not. Done well, however, brand apps and software create genuinely (often socially) useful applications that consumers will choose to pull into their lives.

In an article[6] for Wharton's 'Future of Advertising' program, Max Kalehoff argues that an upcoming key trend is that 'successful advertising will be about service'. I think he's right. And this is a brave new world of marketing we have yet to master.

E-commerce must make transactions easier

The final node, which needs little explanation, is e-commerce. This space is currently dominated by the B2C brands that are increasingly using e-retail as a means of vertical integration by proxy. The likes of the big retailers bemoan the competition issues created by a globally connected shopping environment, but it is the new reality. A bit like the changing media landscape and the warming planet, we have to accept it, deal with it and move on. The harder Coles and Woolies push the FMCG suppliers on margin, the more likely it becomes that the product brands will join in the e-commerce transformation. Sure, the barriers and logistics are daunting, but they can be overcome, if the incentives are high enough.

The stakes rise daily. In the UK last month, my alma mater Diageo launched its first e-commerce site – selling direct to the consumer, bypassing the powerful supermarket chains, effectively vertically integrating its business. It's another acorn, but the way ahead seems clear.

The *why* is different at each node

Each of the four nodes, then, works in a very different way. And each is perhaps best suited to a different marketing 'job'.

Advertising approach (node)	Consumer behaves as	Reason to engage is	Media is	Digital Facilitates	Consumer result is
Story Telling	Audience	Entertainment	Pushed	Participation	Consideration
Relationship management	Recipient	Reward	Pushed & Pulled	Personalisation	Retention
System building	User	Utility	Pulled	Socialisation	Involvement
E-Commerce	Buyer	Transaction	Pushed	Ease	Consumption

Storytelling *must* be entertaining in order to acquire new consumers. Relationship management *must* be rewarding to keep consumers loyal. System building *must* create utility in order to deepen relationships with existing consumers. E-commerce *must* make transactions simple, easy and convenient.

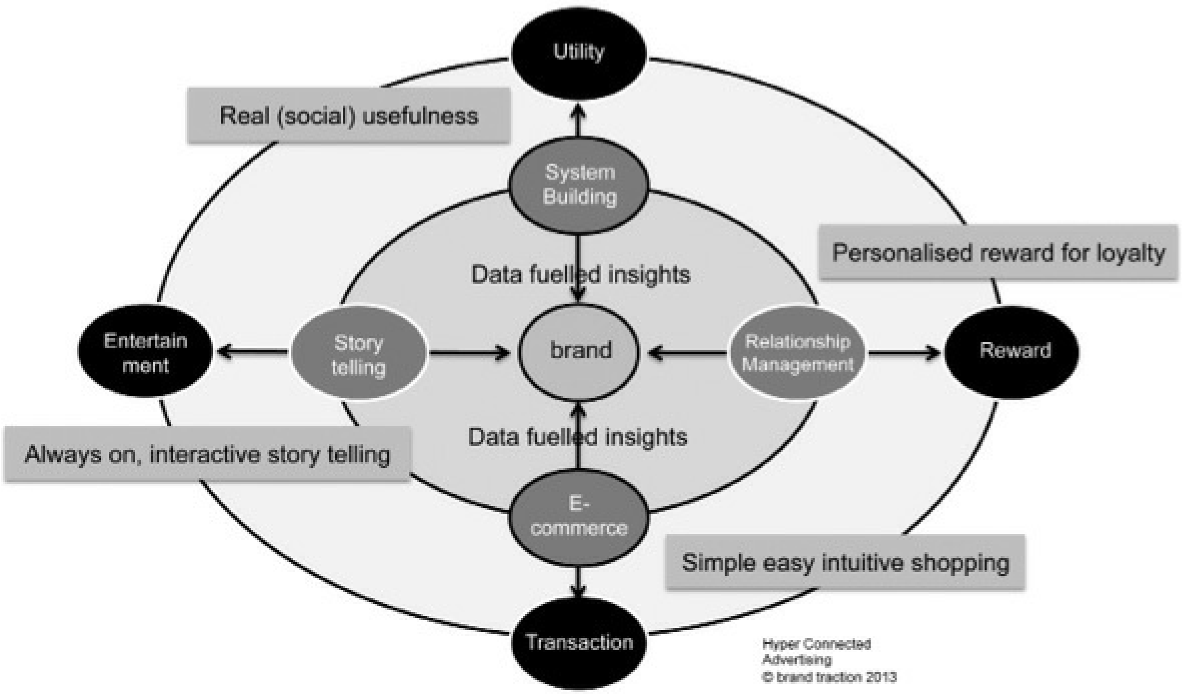
Hyperconnected advertising

Those of you who work as specialists in some of these disciplines may be looking curiously at the egg I am teaching you to suck, but regardless, there's one further step that I think makes this approach genuinely interesting. It's what happens if we connect it all together. I'm going to call this – with my tongue firmly in my cheek, I might add – the 'hyperconnected advertising system'. Let's follow a hypothetical advertising development journey to see what happens when we start to think systemically about the whole rather than the parts.

We start with a storytelling approach, not radically different to what many brands are doing today, but we make it two-way, interactive, telescopic and always on. We begin to collect the most basic data about who the consumer is, as they click onto our owned media channel to see more of our content. We add to this our relationship approach, inviting our consumers to receive rewards for telling us more about themselves. We collect more data. We use that data to push more relevant, entertaining content and stories into their feeds. It's a mutually sustaining system.

Now we know a fair bit about our end users, so we get them to use our newly built brand utility app. This transforms the amount of data we have about the base and further deepens and enhances our entertainment and reward strategies. Finally, we take the last step and begin to transact directly with the base. Our data infrastructure is now substantial.

In building this ecosystem, we've attracted new consumers, made them loyal, kept them active and secured direct access to their wallets. Along the way, we've also reduced our reliance on paid media as a channel and on third parties for retail and distribution. Sure, we've spent a lot on data management and software development, but we are spending less on production, media and trading terms. We've changed the business model, but most importantly we've retained the audience, and they, if you remember, are *all* that counts.



Final thoughts

The consequences of this for brands, agencies and media owners are transformational. This is advertising climate change. At a later date, I will explore what some responses to this new world might be. But for now, the key observation is that unless we start to wrestle with the challenge of why consumers should bother to listen to what we want to say, they might just stop listening altogether.

Dramatically reducing the amount of fossil fuel we consume is not easy in an oil-driven economy. Similarly, dramatically reducing our reliance on interruption is pretty difficult with our current levels of thought-leadership and a fragmented brand and agency model. Change will require a degree of systemised, integrated thought that is currently beyond many brands and agencies. Only the best will survive, but change we must.

If this all sounds a little theoretical and hard to grasp, I'd leave you with this final thought. The best brands in the world today are already doing this. God, I hope they don't call it hyperconnected advertising, but my model is based on the observation of, and admiration for, what the best in our business are doing. They are not drowning in the rising tides of marketing climate change but are instead waving, thriving and growing. Brands like Nike, Nespresso, Gatorade and Apple are embracing this approach. It's not just possible, it's happening.

Unless all of us accept the new complexity and try and make advertising that consumers will actually be happy to pull into their lives, our business and our profession may well sink under the rising waters of technological advancement and the on-demand media revolution.

As in seeking solutions to climate change, we cannot solve these problems with yesterday's thinking or through small-step incrementalism. We need radical, wholesale change. It starts with all of us accepting that we have got a problem. Interestingly, one of the key symptoms of that problem is an overreliance on metaphor and analogy. I am on the road to recovery. Are you?

Footnotes

1 See post 33 titled 'Advertising climate change – Are we all in denial?' of this book.

2 twitter.com/adamferrier

3 mycokerewards.com/home.do

4 rga.com/about/leadership/nick-law

5 investorville.com.au

6 wfoa.wharton.upenn.edu/perspective/maxkalehoff

POST 46

How do you pitch when you're the incumbent agency?

Posted 19 August 2013 by Nathan Hodges

It sounds like the toughest gig in town. Your client has called for a review of your agency, despite your best efforts, and you've been asked if you want to take part. You're angry, scared and pumped in equal measure; you're damned if you do and damned if you don't. What have you got to say that's new? And if you do concoct something genuinely fresh, then how do you explain why you didn't do it before the pitch was called? Why are you in this pitch anyway?

Retaining business in a competitive pitch is tricky. I know, because at TrinityP3 we watch agencies try to do it all the time, and in my agency career I had to do it three times myself. Yet even in the best-run review processes, there's usually at least one point when the client looks at the list of suitors and thinks: 'I wish I'd never started this, but I suppose I have to choose one …' This is fertile ground for an incumbent.

Below I outline three of the biggest mistakes incumbents can make when pitching in a review, followed by the top five tips for maximising the chances of retaining business. I make no apologies if you think some of them sound obvious. In fact, I'm glad if you think they are. I've included them because I've seen each mistake committed and each tip ignored more times than I care to remember, even in the last year alone. Clearly, within the red mist of a pitch, there are times when nothing at all seems obvious.

Mistake 1: Blame the client

Rapport is everything. People don't want to work with anyone who thinks they're doing a bad job. If you come in and whinge about things, or make the client look bad, then you've played right into the hands of your competitors, who represent the promise of that honeymoon period when everyone gets along and plays nicely.

During a digital review we managed a while back, the owner of the incumbent agency took the floor in one meeting and harangued the client for 45 minutes with an irrational, aggressive tirade about how utterly wonderful his agency was and how terribly it had been treated by the client team. From the owner's perspective, this was a passionate defence of his agency, which he thought would help it retain the business. But from everyone else's perspective, including his own team's, it was squirmingly embarrassing. The clients couldn't wait for him to leave the room.

Mistake 2: Assume that everything needs to be changed

Lots of incumbents embark on the pitch process assuming that they need to change everything about how they work. Now this might well be a good response if you have the evidence to show it's required. But if it's based on conjecture, then it's almost certain to fail.

I've watched an incumbent agency try to transform itself by proposing new account servicing, planning and creative leadership, only to deliver two documents quite a bit later than the deadline. The client's reaction was: 'Jeez, look at all these new people we've got to teach about our business, and still they can't get the basics right'.

The agency had unilaterally given up its main advantage while failing to fix the one thing that might show more powerfully than anything else that it had changed for the better.

Mistake 3: Assume it's all over before it has begun

Lots of incumbents just assume their time is up when a review is called. And more often than not, the resulting half-hearted, poorly thought-out pitch guarantees that it is. Although it sounds like something the MD tells the new business director, it's true that you just never know.

As the agency team, you need to participate in the pitch with all the positivity you can muster, not while assuming the worst. Our experience tells us that the incumbent always – *always* – has a chance. Everything depends on what the incumbent team makes of that chance.

But enough of the mistakes. Here's what we've seen that works.

Tip 1: Find out why you are on the short list

No, really. Is it because the client is feeling sorry for you? Are they too cowardly to fire you on the spot? Are they trying to keep you motivated for the run-up to the transition? Does your participation make the politics of moving easier for the client to handle?

Or is your inclusion genuine? Is there just a difference of opinion in the team on your performance? Is it a personnel thing?

You'll be able to use whatever you discover in your pitch strategy – just dust off your Cialdini influence principles[1]. But if you merely rely on guesswork, you'll be flying blind.

Tip 2: Confront the truth in your pitch

After you've used your relationship with the client to get to the truth, be unswervingly honest with your agency team. Is it the people? Is it the creative work? Is it the service levels? Or is it simply the market and changes in the client's business? Now work out how to tackle these issues in the pitch. It sounds so blindingly simple because that's just what it is – and yet it hardly ever gets done.

Tip 3: Your pitch needs to be emotional

You need to play to your strengths here. You already have a relationship with the client; you have history on your side. So for the pitch, don't bring in senior players and big cheeses whom the client has never met. Bring in the real people who would do the job were you to win it back. Show the client what those people are actually like on the job. Be a partner in the pitch – to the client, to the rest of the roster, to the process. Make it emotionally hard, not easy, for the client to fire you.

Tip 4: Show the pitching client what you do for other clients and offer to do the same for them

Of course, the success of this approach very much depends on how it's done. At its worst, it can raise the question of why there are certain things you haven't done for your client. But we've seen it work really well.

One agency blew away the client team by showing it the amazing array of innovative work it was doing across the rest of its client base. The reviewing client had had no idea that all this was possible. When they asked why the agency hadn't done such things for them previously, the agency simply answered, 'Because we've never had that kind of trusting relationship between us. But now we do'.

The agency kept the business.

Tip 5: Face up to the worst thing that can happen, then plan for it

Fear can overly influence your judgement as an incumbent. And understandably so. After all, this is real for you – people's jobs are on the line. For your competitors, it's just a new business target. So remember what it is you do when you win business and constantly be on the lookout for actions that don't match that pattern of behaviour. Defence is not the same as attack.

Footnotes

1 trinityp3.com/2012/12/marketing-and-influence

POST 47

Nine kinds of agency pitch process, and counting

Posted 29 July 2013 by Nathan Hodges

TrinityP3 manages all kinds of reviews for clients. In the past year alone, we've helped clients find agency partners[1] in digital, search, media buying, advertising, direct, shopper, event, media planning, post-production, PR, research, social media and call handling. No doubt we'll add to that list this year.

Such diversity means that while it's vital to remember the basic objectives of a review[2], it's also important to tailor the process itself, to make sure the big things remain the big things. And the imperative in any pitch is to make sure content matters more than form.

So what are the main structural options for an agency review to ensure that form drives content, not the other way round? And how do they stack up against each other?

1. Full creative review

Typical process – A short list of agencies is asked to submit their credentials. Then a shorter list of agencies is asked to attend hour-long chemistry meetings with the client team. From these meetings, several agencies are selected to each run a strategic workshop with the client team, and to provide a financial and resource proposal for a defined scope of work which is benchmarked and, if required, negotiated. The final stage is a creative presentation.

When to use it – Searching for a lead agency or creative partner agency.

Why it works – Clients and candidate agencies get to know each other well and a natural best-fit option usually becomes clear to everyone (although often right at the end of the process).

What can go wrong? – Clients can focus on who presents best or who has produced the most research-friendly creative work, rather than on which agency gives them the greatest confidence and offers the greatest raw potential as a partner.

2. Short-form creative review

Typical process – Like the full creative review, except with no creative presentation stage.

When to use it – When the translation of strategic thinking into creative work is not practical, not relevant, or not an overriding concern; for example, some digital agency and search agency reviews, when an agency refuses on principle to pitch with creative work, and when a client is feeling confident in the candidate agencies' abilities and track records.

Why it works – Focuses on strategic thinking and encourages innovation and collaboration in the developing client/agency teams.

What can go wrong? – Sometimes a creative agency has trouble taking that final step in creating something, and the client won't know until it's too late. And sometimes a client is only open-minded and collaborative until it comes to developing and buying creative work, and the agency won't know until it's too late.

3. Media partner review

Typical process – Like the short-form creative review but with an added trading exercise in using the client's typical current spend levels, the results of which are benchmarked and analysed.

When to use it – To identify a full-service media agency partner.

Why it works – As with the full creative review, there's nowhere to hide during a review as complete as this – that goes for the client as well as the agency. At least at the end of this process, no-one can say they didn't know.

What can go wrong? – The weightings given to the different elements need to be agreed on by the client team up-front, otherwise two teams that fundamentally hate each other can end up trying to work together just because the buying numbers look good. (Oh, and if the teams hate each other, then the buying won't be any good after a year anyway.)

4. Media buying review

Typical process – Like the media partner review but without the strategic workshop stage.

When to use it – To identify a media buying partner when planning is being handled elsewhere in the roster.

Why it works – It cuts straight to the chase and allows a buying agency to show what it's good at and where it can excel.

What can go wrong? – Agencies can promise the world to get the business and clients can believe everything they hear. Then it's usually a disaster waiting to happen – and the disaster never takes more than a year to strike.

5. Media planning review

Typical process – The same overall process as the short-form creative review but usually involves working alongside other roster agencies during the pitch process.

Why it works – Collaboration skills are central to the success of this role in most client rosters. This process assesses the candidates' collaborative abilities as an essential part of the review process.

When to use it – To find an agency to shape or lead communications strategy.

What can go wrong? – The appointment of the new agency can spark a turf war for leadership of the roster, with predictable effects.

6. Specialist partner review

Typical process – This includes the normal credentials and financial proposal and benchmarking stages, but it also involves site visits and specialist technical assessments of the capabilities being proposed.

When to use it – When searching for a technical agency partner such as a call centre, digital build specialist, print supplier, mailing house, post-production house and so on.

Why it works – The review focuses on the technical abilities of the candidates. Those skills are assessed and compared by industry experts as part of the process, and held up against the financials to identify value.

What can go wrong? – It's always tempting for an agency to claim that a technical solution is the best solution, whereas the 'best' answer will always depend on the brief. If the client team loses its focus on this, things can quickly get expensive and useless.

7. Project partner review

Typical process – A client team gives a creative briefing on the side to a couple of agencies, even though the incumbent is still working away.

When to use it – When your current agency relationship isn't working but the client team doesn't have the courage to end it or the imagination to try to fix it.

Why it works – It works in the same way as a marital affair. (In other words, it hardly ever works.)

What can go wrong? – How long have you got? No-one wins, usually. The incumbent agency feels betrayed and demoralised, the new entrant gets a one-project stand and little else afterwards, and the client's reputation quietly disappears down the gurgler. Oh, and the brand gets a one-off campaign of no lasting value. At least no-one gets killed.

8. Procurement tender

Typical process – A client procurement team generates an RFP bigger than a Tolstoy novel, includes a brain-dump of all the research material and a prescriptive creative brief, then invites all the competing agencies to a collective Q&A session. The agency team gets a meeting slot at the end of the process to try and win the business from a client team they hardly know.

When to use it – When you want a supplier rather than an agency. Or to put it another way, when you want to waste everyone's time.

Why it works – The clients feel very powerful and important.

What can go wrong? – Sometimes the client team doesn't actually get the agency it deserves.

Look, it's a blog, obviously, so I'm being a little facetious with those last points. We help and advise with a lot of procurement-led reviews and they are often run in a really professional and fair way, and work brilliantly. It's just that as a one-time agency new business director, I remember exactly what it was like to have to complete a 90-page tender document in three days just because the MD thought it was a 'really big opportunity' – even if it had been presented to another 15 agencies.

Now if you're an agency person who's reading this, you might be forgiven for thinking that all of these processes fall into the 'busy work' category. And if you're a client, you might be rolling your eyes at the time commitment required. Which is why TrinityP3 is also working with this last process …

9. The one-day pitch

Typical process – A carefully chosen short list of agencies is invited to answer some quick credentials questions. Then a single day is set up when each agency works with the client team on a business problem, with the aim of solving it within that day (maybe with creative work, maybe not). Once the financials are agreed, then the business is awarded.

When to use it – When the client team is focused, empowered and clear about what it wants from an agency partner of any description.

Why it works – It condenses weeks of preparation for the agencies and hours of meetings for the client team into a short, intense session during which each side finds out how the other side thinks. And it's great fun.

What can go wrong? – It's a high-risk approach, certainly, though that usually concentrates the minds on both sides. Also, if the agencies on the short list are anything less than up-to-date and properly informed, there is a danger that the process will not yield any suitable solutions.

Footnotes

1 trinityp3.com/agency-search-selection

2 trinityp3.com/2013/07/successful-pitch-management

POST 48

Why creating a single client advertising agency does not work

Posted 2 January 2013 by Darren Woolley

My colleague and friend Avi Dan[1] wrote a post for Forbes a few months ago titled 'Dedicated, single-client agencies are like arranged marriages, and just as exciting'[2]. In it, he equates the recent trend of having the agency holding company decide which agencies and agency personnel will be working on your business, with your parents choosing a partner for you in an arranged marriage.

In fact, recently there has been quite a lot of discussion about the idea of a one-stop-shop lead agency that has been custom-built according to the client's needs. WPP has been championing this 'team' approach[3] with global marketers, including Ford (snared in 2006), Mazda, Colgate-Palmolive (both in 2010), News International, Miller Coors and Bank of America (all in 2012). But just how successful is this approach? Following the very public failure of Enfatico for Dell Computers[4], has WPP really found the solution?

Now as Avi maintains, the advantage of a single, one-stop-shop agency is obvious: command and control. There's no need to manage multiple agencies, have multiple briefings or administer multiple invoices, and there's just one throat to choke if something goes wrong. But having an agency custom-built to your needs has its downside, believe me. This is why, to date, few of these arrangements have lasted.

Culture

Each advertising agency has a culture that is defined at start-up by its principals, usually a group of industry professionals brought together by shared values. In these established or corporate agencies, this history influences the types of people who work for them and the selection of their senior leaders. In a created agency, however, senior management are usually drawn from a range of other agencies with diverse cultures and put together much like the arranged marriage that Avi referenced. Yes, Marian Salzman[5] has pointed out that arranged marriages are more successful[6] than non-arranged unions, but remember that those are between two parties. The complexity of an agency management structure, which exists across multiple markets, reduces the chances of success.

Of course, a new custom-built agency can create its own culture over time. But the default approach is to fill senior management with significant expertise, which often leads to conflicting points of view and power struggles that can pull the agency apart.

Creativity

One of the strengths of the traditional agency structure is that it encourages the cross-pollination of ideas across multiple categories, which in turn encourages creativity and innovation – exposure to multiple ideas becomes the stimuli for new ideas. Even where there is a dedicated team within an existing agency, there is still the prospect of being inspired by shared resources in other areas of the agency.

When an agency is dedicated to solving the problems of a single client, however, this no longer occurs. Rather than the constant stimulation of employees addressing different but similar challenges for other clients, the agency can only draw on its collective expertise.

Burnout

The promise of the purpose-built agency is that you can get the best people working exclusively on your business. Now it is true that you can select the best people for the job up-front, but how can you keep them?

Beyond salaries, high-performance staff look for challenges, advancement and acknowledgement. Working in a single client agency structure is a good opportunity, but outside of perhaps account management, it is usually a short-term one. Unless the client offers new testing experiences, as well as the prospect of promotion within the agency and the associated recognition, then within a year or two most of the specialist thinking will have moved on.

Competitive cost

The big financial difference between having multiple agencies and one full-service agency is that with the latter, you lose the ability to competitively benchmark across the agencies. Certainly at the time of the dedicated agency's creation, usually through a robust tender, you can ensure that you have a competitive fee in place. But in time, as service requirements change and technology brings cost efficiencies to the process, you no longer have the simple ability to competitively compare rates, resource requirements and costs without going to market again.

And this is not as easy as it sounds. As any marketer who has had a dedicated agency created for them will tell you, the moral pressure to maintain the relationship is immense. After all, if you choose to change, you effectively end the agency.

Infrastructure cost

The customised, purpose-built agency provides advertisers with convenience. But convenience comes at a cost. The set-up costs for such an agency, including hard costs like real estate and equipment, are paid for by the client, unlike in a traditional agency where they are shared across clients.

In fact, all of the costs of the dedicated agency are paid for by the client, either directly or indirectly, as the advertiser is the only source of revenue for the outfit. Whereas in an agency with multiple clients, a large advertiser can effectively negotiate a rate that means they are subsidised by the other clients of the agency, in the single client agency there is no avoiding carrying the infrastructure costs.

Footnotes

1 linkedin.com/in/avidan

2 forbes.com/sites/avidan/2012/09/04/dedicated-single-client-agencies-are-like-arranged-marriages-and-just-as-exciting

3 moreaboutadvertising.com/2012/05/team-wpp-takes-another-step-towards-world-domination-as-it-bags-1-5bn-bank-of-america

4 adage.com/article/agency-news/wpp-folds-dell-marketing-agency-enfatico-y-r-brands/135910

5 mariansalzman.com

6 foxnews.com/story/2007/06/29/because-mom-said-so-are-arranged-marriages-next-big-trend

POST 49

Value-based pricing is a process, not a project

Posted 18 February 2013 by Jon Manning

In my last post, I described value-based pricing (VBP), why companies are adopting it, and why advertising agencies run the risk of 'commoditisation hell' by not adopting it. But it would be remiss of me not to also tell you how to start your VBP journey.

This (true) story epitomises why the advertising industry has been a laggard in adopting the practice:

> *A couple of years ago I went on a ride-along with a sales rep from one of Australia's biggest online advertising portals. During the sales pitch, the rep told the advertiser about all the value they were receiving from their advertising: unlimited listings, preferential pricing on enhancement products, page impressions, click-throughs, email inquiries, phone calls and so on. The advertiser silently took all of this in and then said, 'I hate phone calls!' The sales rep was taken aback. 'What do you mean you hate phone calls?' she said. 'That's the most qualified lead to your business that we provide.' The advertiser replied: 'I don't want to be answering my phone at all hours of the day or night. I value email inquiries because I can respond to them when it suits me'.*

The moral of the story is that advertising hasn't worked out the real value it is offering. VBP starts with understanding value from the customers' perspective. The sales rep thought that phone calls were the most valuable ROI metric. She was wrong, because value is in the eyes of the beholder – in this case, the advertiser.

As I mentioned in my last post, there are three ways in which a vendor can provide value to a client: increasing their revenue, reducing their costs or minimising their risk. The list below provides a few examples of these categories for the advertising industry (there are many more):

1. *Increase revenue* – the advertised products command a higher selling price; new or incremental sales via new channels or new markets
2. *Reduce costs* – creative campaigns foster greater customer awareness and loyalty, which reduces the cost-to-serve
3. *Minimise risk* – campaigns are optimised in (next to) real time; PR and reputation management

Finding sources of value to monetise sometimes requires outside-the-box thinking. Over thanksgiving last year, Facebook sent a 'SWAT team' to Wal-Mart's headquarters in Bentonville, Arkansas with the specific objective of optimising 50 million mobile ads that its users would see for toys, televisions and other discounted products. According to an article in MarketingWeek, 'Wal-Mart's senior team were apparently won over by the service they received and the results'[1].

So how can you monetise advertising services on the basis of value? Here are three options.

1. Up-front pricing

One of the best ways to align the price paid with the value received is to ask the advertiser up-front how much they think the solution you offer is worth. Not convinced that pay-what-you-want (PWYW) will work? Ask the owners of HumbleBundle.com, a website that has generated $23 million in payments since its launch utilising a PWYW pricing model.

2. Contingency pricing

If the advertising solution delivered achieves a satisfactory outcome, the agency's fee is significantly higher than what it would earn under a normal fee arrangement. But in the case of a below-par result, the agency either gets paid less, costs only, or, in the worst-case scenario, nothing. Like PWYW, this pricing model may seem scary, something that must have crossed Google's mind when it realised that if a user doesn't click on an ad, it doesn't get paid.

3. Guaranteed pricing

This is not a VBP model that agencies should jump on from the go-get. But where an agency has the knowledge and experience to offer an iron-clad guarantee around a satisfactory outcome for a campaign, it can be a highly differentiated, premium-priced alternative.

A valuable process

VBP is a process, not a project – careful consideration needs to be given to which clients it is applied to and in what magnitude. It won't happen in the advertising industry overnight, but it will happen!

Footnotes

1 marketingweek.co.uk/opinion/2013-when-all-of-facebooks-dreams-come-true/4005186.article

POST 50

When should an advertiser pay pitch fees when selecting a new advertising agency?

Posted 9 January 2012 by Darren Woolley

There are times when an advertiser should go to the market to select a new agency[1], but this is not a process that should be entered into lightly. Going out into the marketplace involves risk and costs to advertisers and their agencies. Before we consider if the advertiser should pay pitch fees, let's look at the cost to the agencies.

Internal agency human resources

Like most companies these days, agencies do not have a significant capacity within their human resources for speculative work. While few agencies appoint external staff for a pitch, the head hours invested in the pitch process are a cost to the business. In fact, the majority of the costs quoted for the process comprise HR expenses.

Disruption to the agency

The opportunity to participate in a pitch can be great for agency morale. But many agency managers rightly balance the potential upside of chasing new business opportunities with the impact the disruption may have on existing clients.

Non-recoverable external costs

Depending on the size of the account, many agencies will invest heavily in external costs such as consumer research, animatics, artwork and the like to provide a perceived competitive advantage. If the agency is unsuccessful, these hard costs will never be recovered. And even if they are successful, it can take many months to break even on the account.

Intellectual property rights

The core value an agency provides is the ability to generate ideas. In many cases, advertisers require the agency to assign the rights to these ideas to them as part of the pitch process. If you don't intend to use the idea, why would you want to own it? And if you do intend to use the idea, why would you not pay for it?

Industry perception of failure

While successful agencies want to shout their achievements from the rooftops, unsuccessful agencies are naturally concerned that a number of failed pitches will create the perception that they have gone off the boil. In addition, they have little or no opportunity to put these losses into context as they are often covered by confidentiality agreements.

When to pay pitch fees

There are times when you should compensate the participating agencies for their costs. Our advice is to offer pitch fees when:

1. You want to buy the rights to all concepts, not just the winning concept
2. You require the agencies to prepare materials and incur external costs beyond what would be considered standard
3. You are engaging a large number of agencies in the strategy/creative stage of the process

How much should you pay?

This is obviously subject to negotiation with the agency. Too little and the fee becomes token and potentially insulting. Too much and you are wasting money. But if you are simply paying out-of-pocket expenses, then as a guide, $10,000 to $25,000 per agency would be reasonable. If you are buying their intellectual property rights, then the commercial value could easily be $100,000+.

Footnotes

1 trinityp3.com/agency-search-selection

NEXT STEPS

Feeling inspired?

TrinityP3 can assist you with Strategic Supplier Alignment, Supplier Search & Selection, Remuneration / Compensation Modelling, PBR – Payment by Results, Contract Negotiations, Remuneration / Compensation Assessment, Contract Review, Engagement Agreement, Process Optimisation, Scope of Work Management, Rate Card Development, Dispute Resolutions, Training Workshops, Strategic Production Sourcing, Relationship Alignment & Performance Improvement – Evalu8ing, Media Strategy & Planning Assessment, Media Buying Benchmarking, Production Assessments (Electronic, Digital, Print), Production Management, Environmental Measurement & Ma-nagement and more.

To find out more:

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- Email people@trinityp3.com
- Or contact us to arrange a confidential discussion about how TrinityP3 can help your teams, your brands and your organisation become more efficient and effective.

Contact one of our offices:

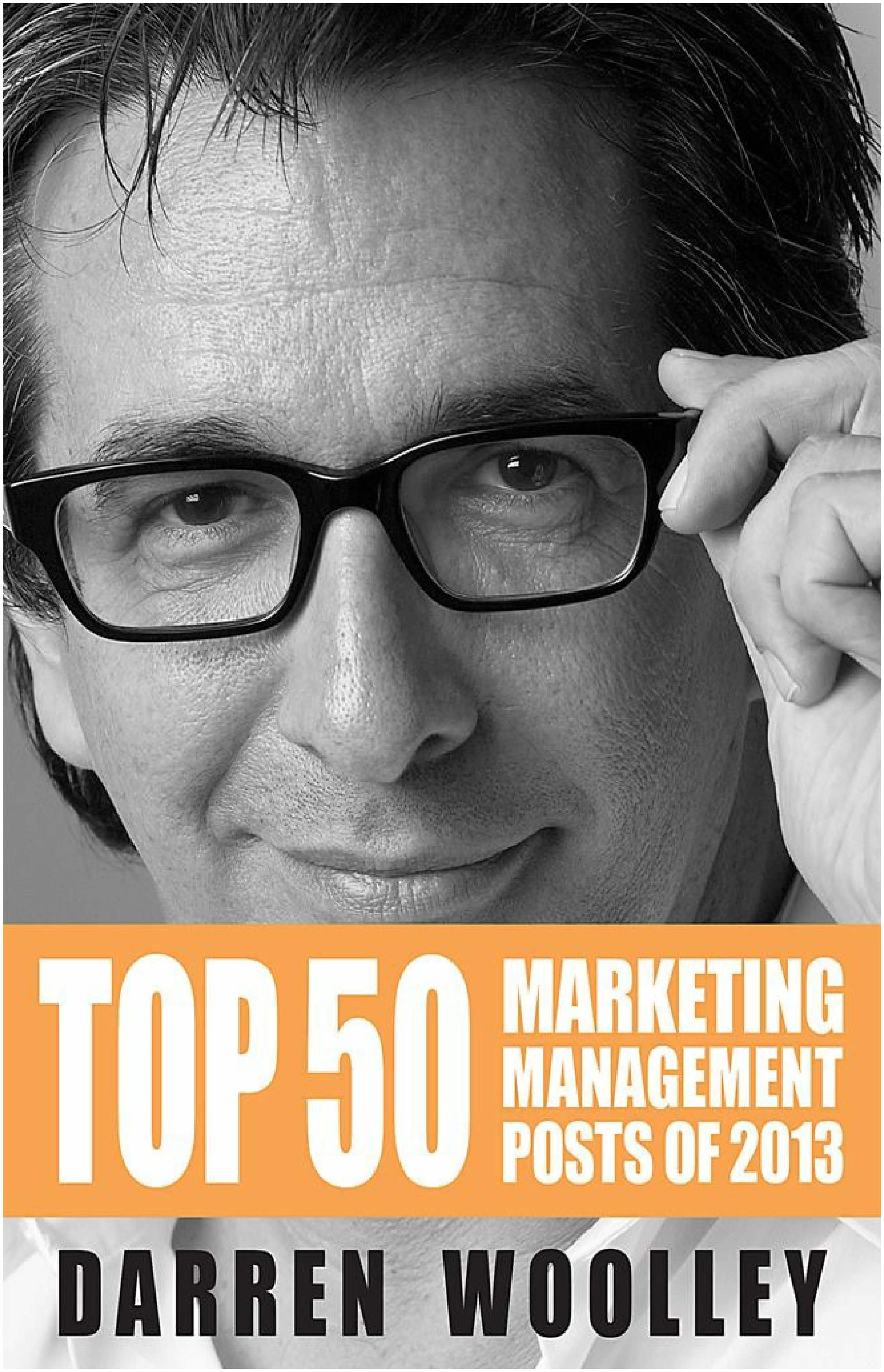
TrinityP3 Sydney Suite 702, 53 Walker Street, North Sydney NSW 2060
t: + 61 2 8399 0922

TrinityP3 Melbourne Suite 201, 63 Stead Street, South Melbourne VIC 3205
t: + 61 3 9682 6800

TrinityP3 Singapore Level 27, Prudential Tower, 30 Cecil Street, 049712
t: + 65 6631 2861

TrinityP3 Hong Kong Level 21, The Center, 99 Queens Road, Central
t: + 852 3478 3982

TrinityP3 New Zealand Level 27, PWC Tower, 188 Quay Street, Auckland, 1010
t: + 64 9 363 2891


TOP 50
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DARREN WOOLLEY

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