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Henry Tajer calls ‘bullshit’ on Toby Barbour’s take on the pitch problem, says DAN isn’t ‘the most desperate’ network

October 22, 2019 9:25
by **BRITTNEY RIGBY**

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Dentsu Aegis Network’s CEO Henry Tajer has hit back at Publicis CEO Toby Barbour’s suggestion that the flawed pitch process is a business cycle reality.

The dispute kicked off on stage during a panel at the Media Federation of Australia’s inaugural MFA EX conference. Barbour responded to an audience question from Initiative’s chief strategy officer, Sam Geer, who said the industry is “only as strong as our weakest link”. If one agency decides to undervalue its product, it impacts the entire market, Geer said.

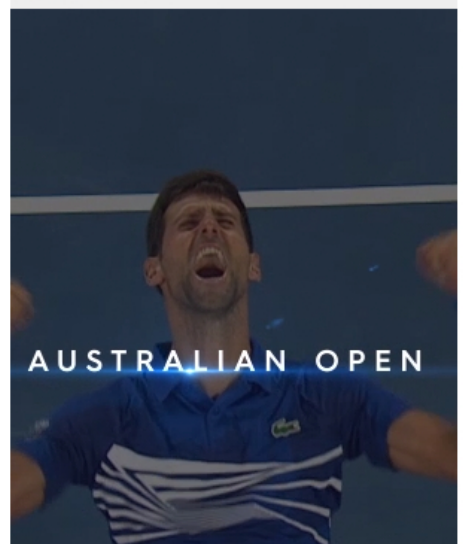
“So how do we present a united front, from holding group to holding group, and ensure that our product is valued and paid for appropriately in the future?” Geer asked the panel, which featured Barbour, Tajer, Initiative CEO Melissa Fein and Bohemia CEO Brett Dawson.



The panel (from left): Henry Tajer, Melissa Fein, Toby Barbour and Brett Dawson

Industry leaders
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Barbour emphasised that CEOs answering to publicly listed holding companies face results-based pressure, which impacts pitching decisions.

“In that environment, your decision isn’t always local ... I can list three pitches we walked away from as contracts this year because we looked at the contract and there’s no way we could service that. But I can also list the three agencies that won them. So, in that environment, there’s different business needs and cycles that inform different decisions. That’s the reality.”

Not according to Tajer, who said, after a considered pause: “I think that’s complete bullshit.”

Tajer has been in the role since January, and prioritised the restructure of a holding group that has lost major clients, such as the \$40m Mondelēz International account and \$20m Amart account, and faced major staff movements. But his group isn’t the “most desperate”, he said.

“This is the biggest problem we have. The biggest issue we have is what the industry is doing in terms of pricing someone else’s business, the media’s business,” Tajer explained.

“If a company chooses to give away their product, then that’s their call. But when you start to price someone else’s product, that’s, I think, a much bigger issue. Historically, that’s always been set by the most desperate in the market, which you would assume would be Dentsu, but it’s not. So I would put to you that we have to educate ourselves.”

Bohemia’s Dawson agreed that education is the answer, asking the Australian Association of National Advertisers (AANA) to play a bigger role in educating clients on the difference between a cheaply priced service and one that is value for money.

“If it was as simple as a client sees four agencies that they like and a clear outlier, if that just sent a red flag into their mind that said ‘Something’s not right here. Do I want to be the CMO that appoints an agency based on something not right?’, not many would,” Dawson proposed.

But that wasn’t enough for Stephen Wright, a pitch consultant at Trinity P3 and audience member who followed up on Geer’s question because the answers were “woefully inadequate”.

“We run pitches, and invariably, on every pitch, there will be someone who puts a lowball price in. There’ll be an agency group who agrees to 120 or 150-day payment terms. And we look at these things and we go, well, ‘How can they possibly cover costs and make money?’” Wright told the panel.

“Now, we’re forced to send those offers through to the client, and procurement are hardwired to gravitate towards the lowest price. So from that point on, it’s a real struggle to get procurement back up to what are fair and equitable terms. That lowball offer poisons the well, and, across years, that’s what’s driven margins in the industry down so that you’re all struggling to turn the levels of profit that you should, and you’re devaluing the media product within the industry.”

Wright's contribution prompted applause from the crowd, but the panel was less enthused.

"Mate, I answered the question," Dawson said.

"I think the answer lies in client education and I think your role is incumbent on educating the clients. They are paying you to find the best agency for them."

Initiative's Fein pointed to her agency being joined by holding group Omnicom in walking away from a "big pitch" because of its payment terms.

"Kellogg's," Tajer interjected.

When Fein wouldn't confirm, but said the pitch was well-documented publicly, he added: "She's under NDA [a non-disclosure agreement] guys."

In June, Fein's boss, Initiative global CEO [Mat Baxter](#), [blasted the Kellogg's pitch](#). He didn't name the brand (probably also bound by a non-disclosure), but everybody knew exactly which "CPG [consumer packed goods] client" it was. That keynote has since sparked a wider, and deeper, conversation on what [agencies](#), and [clients](#), believe the future of the pitch process to be.

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"And we've now been invited to another FMCG [fast-moving consumer goods] pitch which is live," Fein continued.

"The first question before we will even think about putting a team together is: What are the payment terms and what are their objectives? Because if it's purely about driving the price down, or crazy payment terms, we had that conversation [in the] last couple of weeks. We will not entertain it."

Barbour nodded during Fein's response, but the elephant in the room was that Publicis agency [Zenith won the controversial Kellogg's pitch](#), with its equally controversial payment terms.

"And obviously I take on the question about Kellogg's," Barbour said.

"It's been a client in North America for 20 years. The MSA [master services agreement] is in place. It's not for us to locally negotiate. We didn't even have that opportunity if we wanted it.

"It might be seen as a woefully inadequate answer, but understand the reality of our business organisational world. A global MSA is in place. I can give you another CPG brand where we walked away. We were asked three times to review our pricing. 'Are you sure this is your final and best offer?' We didn't come back, not once, but I know who did and I know

who won.”

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Tajer claimed that the answer to transforming both the pitch and the industry is simple, but perhaps harder than it initially sounds: the truth.

“It’s very hard to negotiate against the truth,” he said.

“The truth converts into trust and trust normally converts into profit, normally, if you don’t abuse that. ... It’s a little bit of going back to the future.

“Many years ago, the industry was regulated so there was a set structure on how everyone got paid and what clients were then able to do. They were de-burdened with the need to educate themselves on the dark arts of the supply chain ... and they actually chose the best team, the best ideas, and what was best for their business, as opposed to what was the best deal.”

At the end of the session, Tajer asked audience members to raise their hand if they’re talking about the market positively. Two people out of the 1,500 in the crowd did, eventually joined by a third.

“That’s a problem ... So if anyone’s wondering ‘Why is it a shitshow out there?’, ‘Why is everyone talking a recession?’ [that’s why],” Tajer concluded.

“SMI [the Standard Media Index, which reports on market growth or decline each month] owns the conversation. Dire straits, recession recession. It’s not going to help us.”

Brittney Rigby

Brittney Rigby is a reporter at Mumbrella, primarily covering media agencies and managing the Opinion vertical. She’s also admitted as a lawyer in the Supreme Court of New South Wales, and has written for publications such as The Guardian, Sydney Morning Herald, SBS Life, The Feed and various Junkee Media titles. She tweets @brittneyrigby

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ADD COMMENT

Napoleon 22 Oct 19

It's must be tough for Tajer ..

World at his feet, big global CEO, articles in the FIN, Madison Ave, keynote at Cannes ...and then ..

So here he is, back again trying to be controversial, trying to lord it over everyone and impart his wisdom.

He played as big a part in the race to the bottom as anyone. Get the business in at next to nothing and let Cadreon/Mnet etc do the rest. Ask the TV networks what happened once they shared their agency billing with KPMG . No more trading at 120% Henry ! so to start taking about protecting media owner inventory is laughable.

No mention of his response to the question asked my a Carat staffer ?

[Reply](#)**Wayne King** 22 Oct 19

Very interesting article. Any chance there is video of this conversation?

[Reply](#)**Vivienne Kelly** 22 Oct 19

Hi Wayne,

I believe you can watch the videos here:

<https://mediafederation.webcastcloud.tv/>

Thanks,

Vivienne – Mumbrella

[Reply](#)**It's A No For Me** 22 Oct 19

Sorry but that always has been Dentsu's way.

[Reply](#)**Disgrace** 22 Oct 19

Never have I seen a CEO be so disrespectful to their peers fellow board members staff and industry as Henry Tajer in this panel.

MFA should take a hard look at its board members and how they represent us

[Reply](#)

About Time 22 Oct 19

Never have I seen a CEO be so refreshingly honest to the benefit of everyone in the room, rather than diplomatically protecting the pride of the top dogs.

MFA should be applauded for providing Tager with an opportunity to accurately represent us and our frustrations.

[Reply](#)

Ghost of Harold 22 Oct 19

As noted above – he is clearly struggling with being back in the small pond again.

Ridiculous chest beating and pathetic attention seeking.

Given the continuing client losses it would be interesting to hear what the guys in Japan and UK are thinking about their AU CEO.

[Reply](#)

Think of the children 22 Oct 19

Everything that's wrong with the industry in one place .

Not one meaningful answer between them.

[Reply](#)

Two things 22 Oct 19

Henry in the video says the lack of women leadership is down to poor decision making. Coming from him that is an understatement given he is the king of the boys club and jobs for mates.

Secondly, his cry out in the above article...I call bullshit. As an ex-staffer at Initiative his direction was to underquote on the pitch, and overcharge on the service. I'm sure "FP", or "Fixed Pricing" would ring many bells for those who worked under him.

[Reply](#)

Rick 23 Oct 19

Re women in leadership : I nearly choked when he said that. Talk about a lack of self-awareness!

[Reply](#)

insert name here 22 Oct 19

There are many guilty of failing fundamental maths when dealing with media about who got what in share terms. In fact insert culprit here no one played/plays a straight bat.

[Reply](#)

In a commodity market... 22 Oct 19

...you can only compete on price and delivery or payment terms. Or maybe "social value" – but from someone who does something good for the community.

[Reply](#)

Anonymous 22 Oct 19

While media agencies are sitting around blaming each other about payment terms and who's not playing fair at recess their clients in spades are looking at ways to work differently & without them.

Who was the first person to get rid of media agency service fees? Who decided to pass back media commissions to clients?

The race to the bottom has been very long and now that large global media agencies are working in a very unhealthy economy, all they can do is point fingers at each other.

The Mutiny, The Hallway and The Royals called it out in Mi3 just this week – 'the independents are growing and winning as global networks are distracted'

At a time when you are up on stage 'distracted' pointing the finger at each other they are probably taking your clients.

[Reply](#)

Robert Wilkins 22 Oct 19

He is such an *[Edited under Mumbrella's comment moderation policy]*

[Reply](#)

Err... 22 Oct 19

The correct answer to the question "how do we present a united front from holding group to holding group to ensure our product is paid for appropriately" is "we don't because it's illegal". But if you're keen to encourage a bit of expensive attention from the ACCC, then having a discussion on how you respond to competitive tenders is the way to go.

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Rob 23 Oct 19

Barbour and Tajer should take it to the boxing ring, proceeds to charity

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