

ADWEEK

Agency CMOs: Window Dressing or Necessity?

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-Steve McClellan

NEW YORK With expanding capabilities and pressure to drive growth, media agencies are rethinking how they market their services to clients and prospects.

Several shops have put new strategic and marketing executives in place to take the lead in defining how they present their services to clients, prospects and their own employees.

On Sept. 13, MindShare hired former Johnson & Johnson marketing executive David Adelman as its first chief marketing officer. And in August, Aegis Media hired David Pullan for the new post of president, service solutions, to spearhead an initiative to define the agency's offerings and help determine how to effectively communicate its capabilities.

Just last week, Havas' MPG hired a new svp for network development, a global marketing post that for the first time will be based in New York. The shop tapped Theresa Nasi, former U.S. director of marketing communications at Omnicom's OMD, for the role.

While some argue that the CMO position at media and advertising agencies is simply a glorified business development role, many believe it is necessary due to the increasing complexity of offerings, especially in the digital space. Another driver: client confusion about which roles and services are provided by different types of agencies.

"There's a blurring of lines and a convergence of competition," said consultant Joanne Davis.

Both traditional media and creative shops are honing their digital skills and pursuing on-line assignments. And narrowly focused shops like communications planner Naked are swooping in to win media business, such as the majority of the Johnson & Johnson communications planning work, which was sought by bigger traditional shops as well, noted Davis.

Arthur Anderson, a partner at Morgan Anderson, the New York consultancy, said marketing has to evolve as business models change. "In the old days everything was on a commission basis rather than scope of work or resources. Now the emphasis is on quality of people, strategy and different capabilities."

Others question whether or not the development is a new one. Agency consultant Steve Fajen suggested that, although shops like to dress up the efforts as sophisticated strategic marketing moves, "it's really about business development." Not that there's anything wrong with that, he added: "I'm for it."

But agency executives argue there's more to it than that. At MindShare, North American CEO Scott Neslund opted to upgrade the shop's business development post to a CMO title when Greg Graham, who had overseen new business pitches, returned to his native Australia earlier this year.

"As Greg decided to leave, our decision to elevate the role was a response to what we see as increasing demands from clients to play a bigger and better role in their strategic process," Neslund said.

So part of Adelman's charge is to help craft the agency's future service offering.

"One thing that I have consistently heard from clients is that they want us to help them better prepare for the future," Neslund said. "Not one client has told me, 'Scott, please keep things as they are.'"

Adelman will also oversee the development of internal programs to help MindShare's 1,000 North American employees communicate effectively with clients about the agency's offerings.

Aegis Media's Pullan said his role involves assessing the shop's array of services, which include analytics, word of mouth, event marketing, digital and traditional media planning and buying, among other offerings, and matching them with forecasted client needs going forward.

"This is not about respraying what we're doing today and calling it something different," he said. "It's more about leveraging this disparate array of assets in a more joined-up way. It will be done client by client and market by market, focusing on 2010 as the arrival point. We're not going to walk out Monday morning, saying, 'We can do everything' and expect clients to say, 'That's great, here's a big check.'"

MPG North American CEO Charlie Rutman said the marketing function at media shops is more challenging than ever before.

"Part of it is keeping external and internal communication consistent," he said. "But we're also expanding into different worlds, and our influence and scope is so much broader than it used to be. The media companies have only been in business for a relatively short time. We've always excelled at media, and now the marketing is more critical as the product offering becomes more robust."

While all agree proper marketing is critical to success, the CMO role has its detractors. "CMO roles don't work," said an agency executive who employed one briefly. "Being core to the business means being connected to the client. CMOs tend to operate on the periphery and never quite get injected into the organization, and you don't quite know what to do with them."

MindShare's Neslund maintained Adelman will be very much at the core of the agency's operation and may even be tied directly to clients.

"Over time that is a possible evolution of his position for clients who want to tap into his knowledge and expertise," he said. Key to Adelman's hiring, Neslund continued, was that he has a background that includes client and agency experience (at Mediaedge:cia) and proficiency in media and digital.

WPP's MediaCom had a CMO—Jim Porcarelli—for two years before his departure in 2006. For now, there is no plan to fill the post, said Barbara Cipolla, who joined the agency as president of strategic services earlier this year (from sibling Media-edge:cia), and who is ultimately responsible for the shop's marketing function.

"We just think it needs to be aligned a little differently and not reside in one person," she said of the role. "Marketing, communications and business development are almost organic parts of each other."

Cipolla didn't rule out hiring a CMO in the future, if the situation changes at the agency. For shops thinking about a complete rebranding, a CMO might be something to consider. And with the pace of change, agency rebrandings wouldn't come as a great surprise. "Everybody is trying to reinvent themselves," she said.