

Yale University School of Management

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“Better Client/Agency Relationships; My Mother’s Tips on Having a Good Marriage.”

(Slide #1 OPENING TITLE AND MUSIC)

Good morning. It is a real pleasure to be here with you today. The topic of my remarks is ... ***(Slide #2)*** RELATIONSHIPS. The title of what I want to talk about today is ***(build on Slide#2)*** "Love and Marriage". I know some of you may wonder what love has to do with a business relationship like between a client and their agency partner. I believe it actually has a heck of a lot to do with the productivity of your relationship, because ***(Slide #3)*** love makes the world go round. But enough of the plays on words and my last name.

The purpose behind my presentation today is to inspire you on this premise, that ***(Slide#4)*** "great brands are built through strong advertising and marketing partnerships". In fact, I believe the best clients have the best agency partnership. And I believe the best hotels achieve the best relationships with their customers. I believe the best brands, the ones that win, day in day out, that lead over time, have at their foundation an impeccably ***(Slide #5)*** strong, vital relationship between all the key partners who provide service to the consumer. You can bank on this. The great brands, in fact, do bank on their extraordinary client-agency relationships. It is their key competitive advantage.

My goal this morning is to share some ideas about relationship building that can help you inside Starwood, help you with your service partners, help you with your consumer and with your communications partners.

Speaking of relationships and competitive advantage, here is how we looked at this with Adidas not too long ago:

(SLIDE #6 Adidas)

The intimidation represented there is certainly one dimension of relationship building!

My perspective on relationships is based on the 31 years of experience I have had in the business of building brands. I have been privileged to work with some of the world's greatest companies, building some of the most trusted everyday brands in the world. **(Slide#7)** Procter & Gamble, Kraft General Foods, Duracell, General Mills, Toyota, Mars, UBS, PaineWebber.

They chased me all over the world, building global brands, on their behalf. Today, I am the Relationship Manager for all of the Publicis Groupe Procter & Gamble business. I guess with a role defined as Relationship Manager I should have some thoughts on this particular subject.

Across the agencies in **(Slide#8)** Publicis Groupe, which are Leo Burnett, Saatchi & Saatchi, Publicis Worldwide and Kaplan Thaler Group, the **(Slide#9)** P&G business is the largest client for the Groupe. The billings on this business are about \$1.5-billion, or 75% of what P&G spends globally on advertising. Let me assure you, the importance of this does not escape me as Relationship Manager with the 122 or so individual brands that the Groupe handles for P&G.

So, I thought as I considered meeting with you today: this is some **(Slide#10)** daunting task being Relationship Manager for such a significant amount of business for one of the world's most challenging marketers. Daunting, because there isn't a day that goes by where you can possibly keep everyone happy, on so many brands, with so many relationships, in so many disparate reaches of the planet. Believe me, I know. I hear about it first, when there is a problem. And, believe me...as Relationship Manager, people at P&G and in each of these agencies, tend to only bring me the problems. They don't often ask me to come and attend their celebrations of good business partnership. I get the call, when something isn't going well, when there is a breakdown on the business, or the relationship.

We have all heard, over and over again, that **(Slide#11)** healthy relationships are what the client-agency business is all about. Many people before me have extolled this. It is not a new topic. But why then is this such an elusive thing to achieve?

I believe there are some **(build on Slide #11)** SECRETS to building healthy, vital, peak-performing relationships. I would like to share some of my personal secrets with you today. I am absolutely sure they can help you achieve more productive business relationships with yourselves, your suppliers, for your agency with you and for you with the other key partners you must maximize in order to achieve a high performance result for your company and your brands. These secrets will help you flourish, because they are fundamental to any relationship.

(Slide#12)

How do we discover the secret? I asked myself this question over and over. I lost sleep over it. I kept thinking, if I could help come up with the secret to building long lasting client agency relationships, it would help a lot of people in our business.

I'm no a writer, but, well....this little video kind of takes you through what I went through, racking my brain, on this issue of relationships.

(SLIDE #13 Jerry McGuire Video)

And here it is, The Things We Think, But Do Not Say---

It was my mother's advice to me on marriage and relationships. Yep, when I look back at 31 years in this business. When I look at all the relationships I have had to manage, with all these clients...it is the advice my mother gave me about marriage that stands out, time and time again!

Let me start with something **(Slide #14)** Martin Luther said about Relationships. He said:

"There is no more lovely, friendly and charming relationship, communion or company, than a good marriage."

(Slide: 15) We need to wake up to the facts. What do we really know about the client agency relationship, today? **(Slide:16)**

We can look to a recent industry survey released just last week on Advertiser- Agency Relations. This survey was also confirmed by a separate AAF study on the same subject. The survey asked questions of clients and agency heads about the client agency relationship.

They asked them if they agreed that **(Slide:17)** "There is more Teamwork in the Relationship". 50% of clients agreed with this statement, while only 29% of their agency counterparts would agree with this. And, compared to a year ago, there is a huge gap in client/agency perceptions.

Next, the survey asked if there was more focus on money. **(Slide:18)**. Here clients seem to think the issue of money is increasing in their relationships, while the agencies already thought it was a rather prevalent topic. This is understandable given our economy, but the alarming thing is that the issue is really high in the client agency focus.

Finally, the survey asked **(Slide:19)** "Is the Agency More Focused on Client Needs?" The response is scary. Only 30% of clients would agree with this, down 19% versus year ago, while the agency's think their focus is actually improving. This looks like a formula for disaster-- Because, as we all know, Perception is Reality.

It says to me, that our industry better get back to basics on our priorities. **(Slide:20)** And, these priorities, for a business where we are dependent on building our clients business for our own welfare are:

- Take Care of the Clients Business, FIRST.
- Take Care of the Agency's Business, SECOND.
- And, put Me(the individual needs), THIRD.

Now, this does not mean being a sycophant to the client or customer. It means telling them what they need to do, not just what they want. And, I believe when you keep these priorities straight in this business, the advertising business can be pretty simple. But, when you mix up these priorities, things can get pretty messed up, fast. It is a business of relationships, and trust.

One thing for sure is that when we look at the subject of relationships and marriage in general, we probably can see that there is a need for improvement. The **(Slide#21)** statistics on marriage in general are pretty interesting. Looking at divorce for example shows that there has been a steady increase in the rate of divorce in this country since records began being kept in 1860. Since 1940, the rate of divorce has increased significantly, and now it is projected that 40% of the women born in the 1970's will divorce.

Another interesting aspect of relationships to consider is how we are leading our lives in this **(Slide#22)** electronically connected world we live in with our work. No surprise to all of us time-starved, multi-tasking business people are some findings from a survey done by the Stanford Institute for the Quantitative Study of Society. It shows that the more time people spend on the Internet, the less time they spend communicating with other people. In particular, 27% of heavy Internet users spend less time talking to friends and family over the phone and 15% spend less time physically with friends and family. This social isolation carries over into our business relationships. It just means having a really good relationship is really getting harder. As all of us have probably heard, **(Slide#23)** a good relationship, like a marriage, takes work. In today's world, I think it is harder than ever.

(LOVEMARKS inserted) **SLIDES #24-38**

With this as background here are some of the **(Slide#39)** secrets, my mother told me about marriage and relationships:

(Slide #40)

1) Marriage is not a 50/50 relationship. It is more like a 70/30 relationship, where you always feel like you are contributing more than the other person. She said that each side always feels like you are contributing more to the relationship than the other. She said you just need to accept this as a starting point and that the problems start when the balance is even more slanted--like when you feel you are contributing way more than 70%. Whether it's 60/40 or 70/30 her advice was that you need to accept the feeling of imbalance up to the point where it really is way, way out of whack. Then, and only then, do you need to speak up and take this up with your partner. Because when the imbalance is so great is when you can only really make a point that can lead to progress. If you are always quibbling about the balance, it will only break down the relationship.

I have found this secret, the 70/30 test, to be true in my business relationships with my clients. It is a great way for an agency partner to measure their contribution. I know it is a great way for a client to gauge when it is time to declare a "time out" with their agency partner, to fix a potential situation that may be developing. Remember the 70/30 principle and only yelp when you really feel the imbalance is so crystal clear, there can be little debate.

(Slide #41)

2) Next-- "When you have problems, and you will, do not discuss them with a friend or other third party. It is always tempting to complain and offload to someone. However, doing so often magnifies the problem or issue psychologically by a third". She said, you need to talk the problem with your partner, not a bunch of other people who are not directly involved.

Now, she didn't object to the occasional need to seek advice from a qualified expert or counselor. She did say that we should resist this,

by trying every means to talk with our partners first. Work it out with them. Besides the fact that other third party friends and associates magnify the issue, talking to other people, other than your agency partner can cost you a lot of time and money. Try to work it out with your agency partner with a good honest dialogue. It is worth it, believe me. And, if the open dialogue solves the issue you have built a foundation of trust and open-ness that will serve you well when you have future problems. Like my mom said-- all relationships have problems at some time or another.

Speaking of exposing problems to others, here is a spot we did that kind of links this thought together:

(SLIDE #42 Sony Vaio "Dresser")

(Slide #43)

3) The next secret my mother told me about marriage is related to this need to talk to each other, often. She said--"Everyone's biggest complaint is 'You don't listen to me'. Wow, I am sure we have all heard this one. "You don't listen to me. You don't listen to what I want. You don't listen to my advice", etc, etc.

To bring this point home, here is a spot we did in Brazil. It deals with listening and coming clean about telling each other the truth:

(SLIDE #44 Herba "Be Natural")

Listen to each other. Tell the truth to each other. Often. You will find like that commercial-- it could lead to a surprisingly beautiful relationship.

(Slide: 45)

4) My mother told me, "Tim, tell her she is pretty every day. You will be amazed at just how far that little statement will make things go right. Tell her she is pretty everyday. Don't forget. Don't let a day go by, without somehow letting her know. She said it would have huge impact on her self-esteem. It will make her feel better and she will take better care to make sure she is looking and feeling better". I gotta tell you, she was absolutely right. I know, because a little positive appreciation goes a long, long way with me, too. Come on, I know it does for you as well.

A constant stream of negative feedback destroys the client/ agency relationship. It works both ways. Positive reinforcement is what you should think of with this secret. Each of us need to think of ways to positively reinforce the best of what we want and hope for each other. It makes the difficult, critical comments we occasionally need to make to each other, get heard and embraced.

Sometimes it really is hard to find something positive to reinforce. Our minds often misguide us, because we assume we are seeing things the way they are. I think this next spot will give you an idea of what I mean about how we can sometimes see things which have nothing to do with the positive things we need to think about each other:

(SLIDE #46 Monster.com "Soccer")

Beware of the voices. Remember to stay on track, with your objectives of having a great client agency love affair. Find a way to let your partner know, every day, that you treasure them. The dividends on your brand building efforts will be enormous.

(Slide #47)

5) A corollary secret on this was " Be careful of saying bad words to each other, because you can't get them back again. People can't forget. They may forgive, eventually, but they can never forget words said in anger. It just isn't worth it, especially on a regular basis. It does not lead to a peak-performing agency relationship. The reason, is that the agency is in the ideas business. Developing ideas is more art than science, you don't manufacture them like a widget. They come from inspiration and an environment that is more playful, than drudgery. So, keep it light and stay away from breeding an environment of fear or trepidation. The great brands, the one that lead over time, come from healthy environments between client and agency.

I think it took a healthy relationship to create the following copy.

(SLIDE #48 : BabyBell)

(Slide #49)

6) Another piece of advice was "Surprise them with flowers once in a while. It shows them you are anticipating their needs without their having to ask, without the excuse of a special occasion." This is a

really good one. We all like to be given great, new business- building ideas without having to ask for them all the damn time. We also don't like unpleasant or off the subject surprises, either.

There are two things you can do to foster a process of continual improvement, while minimizing the unwanted surprise. The first is encourage them by maintaining an open environment for any new ideas they may want to tell you about, assuming the basic plot you have already agreed upon is being addressed. Neither partner should ever make promises they are not willing to keep. The old saying of "underpromise and overdeliver" is central to this. But, do make certain you are encouraging a healthy environment for exploring new thinking and ideas that can help the brand's business stay ahead of the game. Maintaining a winning position in a highly competitive marketing world, requires a healthy level of innovation--and surprise.

Here is an example of some new ideas for our Toyota client. We asked them to consider short :15 messages with a very simple statement for the launch of a new Celica. The premise behind the idea, was that the new design made this new car---look fast, even though the basic car was the same excellent Celica customers have come to know.

(SLIDE #50 & 51 : Toyota "Old Man" and "Dog")

(Slide# 52)

7) The final thing my mother always instilled in me--and I can see her now making the point emphatically, as she often did-- was "Never, Never, ever mention that word, divorce. Just don't let it creep into your mouth. Fight it, Tim. I'm tellin ya, it has no place in your relationship. Keep it out. Because once it creeps in, it creates a fear that'll make it hard to keep the relationship. If you want to keep the bond, never talk about divorce." Who among us here cannot relate to this? I know I have seen it. I have certainly heard clients talk about getting a new agency. Heck the grass is always greener, when it comes to a marriage or a business partnership. Resist the temptation my friends. Resist the temptation to even think that talking about this will be of any value to your business, except to destroy what you have invested in your partnership.

I talked earlier about the divorce rate and how this might be a trend influencing all relationships. I recently read some interesting

research on affairs. You can draw your own conclusions from this data but its universally known that the main allure in an affair is the temporary thrill one can get.

But when people leave their marriages, their relationships in the light of day, a lot of passion disappears.

The divorce rate for second marriages is about 60%, higher than for first marriages. And even more interesting, the divorce rate for those who go ahead and marry the affair-partner is worse – at 75%.

So maybe my Mother was right. Divorce or even having an affair with another agency can lead to some pretty low odds of success for you and your brand.

Review your relationship before your agency

One thing I suggest you do with your agency is to **(Slide# 53)** demand continuity of agency people on your brand. I believe great work, over time, the kind that creates brand loyalty, beyond reason, only comes from people who have a deep understanding of you, your product and your competition. This mastery is so important. True brand-building mastery takes enormous sweat and hard work. It takes experience and the time it takes to be acquired.

Now, I have seen most of my clients move and rotate people at the brand management level. This often is done to get new thinking and perspectives in the game. But, when the agency is continually putting new people on your business, you are heading for a disaster. You should demand continuity at the key strategic levels where your brand equity understanding with consumers is kept. Allow the agency a way to get new thinking in their game too, but demand continuity in the key area of equity understanding.

Frankly, this issue of continuity and loss of mastery has been a problem for clients and agencies alike, especially coming off the "dot-com and gold rush era" of the late 1990's. Clients and agencies had a difficult time keeping people, especially the younger people on our brands in place long enough to acquire mastery of the brand. It was a time of short-term rewards and short-term thinking. Many brands and businesses suffered from this.

But, the pendulum has swung back again. We are all operating with a much healthier perspective on the long term, especially in valuing our relationships. I say it is time we all should be emphasizing continuity of staffing on our brands, to get the kind of mastery that leads to long term, sustainable advantage. By the way, continuity is worth paying for because continuity leads to a competitive advantage.

On this issue of looking at the long term, here is something we did that seems to make the point all the more clear for me:

(SLIDE #54: Guinness “Poem”)

Guinness is looking long-term at winning a World Cup even before they have a winning team.

So, these are the seven secrets Mrs. Love gave to her son. They were advice about how to go into and keep a marriage vital and productive. So far, these secrets have worked pretty well for me. Personally and in business. And, I believe the advice my mom gave me has influenced me greatly in the client agency relationships that I have been privileged to have during the 31 years I have been in advertising.

I believe these Seven Secrets are at the root of the long-term relationships we have had at Saatchi & Saatchi. ***(Slide#55)*** Long-term relationships like Procter & Gamble over 82 years, General Mills 80 years, Kodak 54 years, and Toyota for 28 years.

I am convinced ***(Slide#56)*** healthy relationships are at the root of why Saatchi & Saatchi was named 2003 Agency of the Year at Cannes, Number 1 in the Global New Business League and Best Global Agency Network by both AdWeek and Ad Age in January. We will use these accolades as a challenge to go further in 2004.

(Slide#57)

Long-term relationships win in life as well as in business.

I often get asked by clients, ***(Slide#58)*** what can a client really do to get great work from their agency. In addition to these seven secrets, I recall the best answer I ever heard on this question. It came from a client who said:

1. Let the agency know that you hold them and only them responsible for creating world-class advertising.

And, just as important...

2. Let them know you really believe they can do it.

I would like to now show you a few more examples of work that came out of good client agency relationships. It is some work I like to look at, to help me keep aiming for better work.

(SLIDES #59 – 66 reel)

(Slide #67 MUSIC)

(Slide #68)

“Love & Marriage” my friends. Try the perspective I hope this little talk can give you. I know you will see a dramatic and noticeable result on your brands over the long term.

Thank you.