

Why do agencies need leaders?

Agenda

1. What do leaders do?
2. Why do agencies need leadership?
3. The agency of the future
4. Your plan

1. What do leaders do?

What do leaders do?

Exercise: Working in two groups, take 20 minutes to discuss the difference between management and leadership and the relationship between the two

Then we will come together as a whole group to discuss underlying issues

What do leaders do?

- Create a sense of urgency
- Build a guiding coalition
- Form a strategic vision
- Enlist a volunteer army
- Enable actions by removing barriers
- Generate short term wins
- Sustain acceleration
- Institute change

Acknowledgement: John P Kotter/Harvard Business Review

Goleman's leadership styles

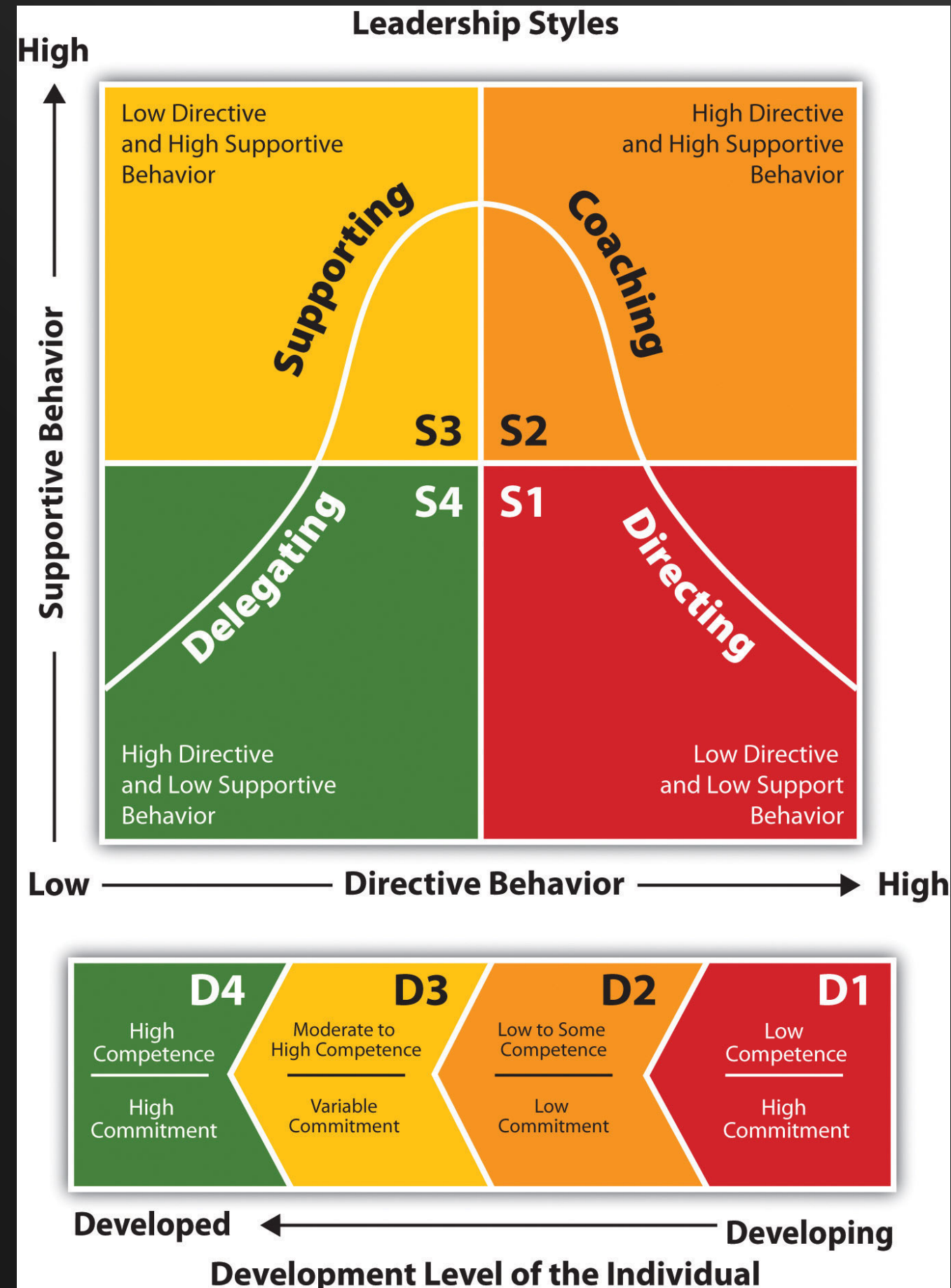
(ranked by impact on organizational climate)

Leadership Style	Actions	Impact
Authoritative <i>Guiding the way, with a clear vision</i>	Creates a vision of organisational destination; sets clear goals; provides team with motivation to achieve them	Team members clear on goals, have autonomy in how to achieve them and are not micro-managed, saving time
Affiliative <i>Creating harmony and emotional bonds</i>	Creates motivation through a sense of belonging, often through establishing shared values and intensive communication	Good in supporting a team that has been through challenging times; can be less effective if rapid change is needed
Democratic <i>Ensuring everyone's voice is heard</i>	Ensures all voices are heard; creates consensus prior to change	Expertise of all members used; may be time consuming; good where levels or expertise are high
Coaching <i>Developing team members' strengths</i>	Understands team members' strengths and weaknesses; develops people to achieve high levels of performance	Higher individual performance, although requires expertise in coaching and takes time
Pacesetting <i>Expecting and exemplifying high performance</i>	Setting expectations by demonstrating performance levels required	Expectations may be followed, or may be seen as impossible to achieve; can be demotivating
Coercive <i>Demanding compliance</i>	Giving instructions and demanding compliance	Can be useful in a crisis; can lead to disengagement over medium to long term

The DISC model of behaviour



Situational Leadership



2. Why do agencies need leadership?

Why do agencies need leadership?

Exercise: Working in two groups, one group take ten minutes to write a flip chart on what is good about agency life and the other group what is not so good about it

Exercise: Working together, discuss underlying factors and identify some things we might like to change

How do some clients see us?

- Supplier, not partner
- One of many, not unique or different
- OK, not outstanding people
- A bit slow
- Too expensive

Pricing power

The ability of a business to raise its prices without incurring a meaningful loss in demand

AKA low price elasticity of demand

Pricing power stems from offering a *differentiated* product that is *critical* to end markets, served with a *unique value proposition*

Why do we have low pricing power?

Exercise: working as a whole group, discuss what agencies do and not do, which results in us having low pricing power?

What do agencies do to create low pricing power?

- Use the SC:I ratio, with revenue forecasts as the principal decision making tool
- Neglect branding
- Neglect product development
- Offer near identical client experience
- Refrain from hiring a high proportion of outstanding people

Example profit and loss account

	£m	%	Notes
EXAMPLE A			
Revenue	5.00		<i>Billings</i>
Cost of Good Sold	<u>0.50</u>	10.0%	<i>3rd Party / Pass Through costs</i>
Gross Profit	4.50	90.0%	<i>Revenue to Gross Profit</i>
Staffing costs	3.00	66.7%	<i>Staff Costs / Freelancers</i>
Fixed overheads	0.70	15.6%	<i>Rent, Rates, Insurance. IT etc</i>
Variable costs	0.50	11.1%	<i>T&E / Training etc</i>
Profit	<u>0.30</u>	6.7%	

Why does this matter?

- Difficult to reward current shareholders
- Difficult to attract new ones
- Hard to invest in:
 - Talent
 - Agency branding
 - Product development
 - Client relationships
- Not as much fun as it has been

Central challenge:

Much of the industry has become commoditised, leading to lower profitability, reduced employee satisfaction and difficulty in attracting investors.

3. The agency of the future?

The agency of the future?

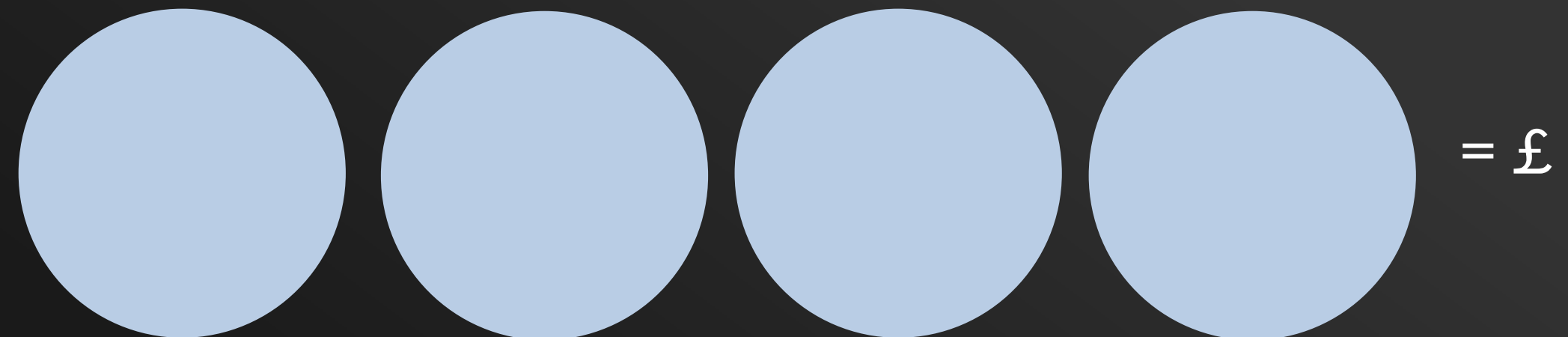


A different way of running an agency

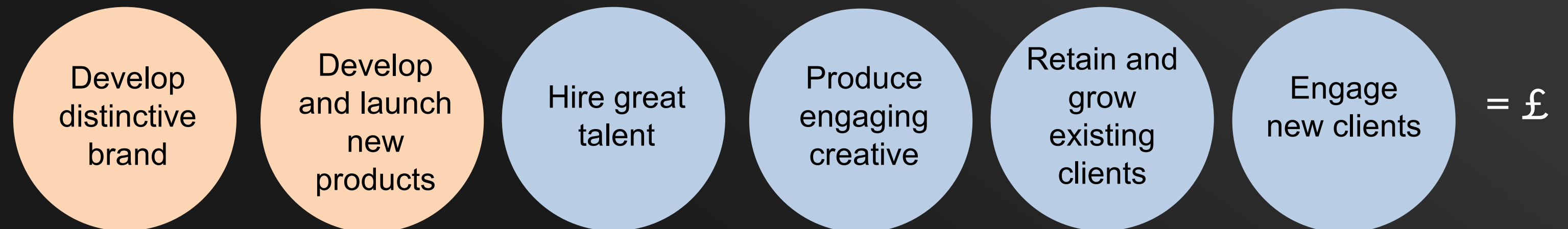
What might we change into?

Exercise : Working in two groups, take 15 minutes to define how an agency should work; (verb, adjective, noun)

Then we will share ideas and discuss implications



Two additions to differentiate our offer



How does this impact profitability?

Distinctive brand is the basis for developing the agency brand experience. Experiential events lodge in clients' long term memory as the best and most effective way of operating. So, clients award more work and avoid competitive pitches.

New products are the basis for growing client revenue, creating more points of difference and moving clients along the terrorist – neutral – advocate continuum.

New products create new ways of engaging with clients, without competitive pitches

Measure and improve business drivers to differentiate your brand and increase medium term profitability

Develop
distinctive
brand

Develop
and launch
new
products

Hire great
talent

Produce
engaging
creative

Retain and
grow
existing
clients

Engage
new clients

4. Your plan?

Your draft action plan

- What is the main problem/opportunity facing our business?
- What would it look like if we fixed it/grasped the opportunity?
- What are the four or five steps on the journey?
- How would you get senior buy in?
- How would you get wider buy in?
- How would you maintain momentum?
- How would you measure progress?

Some topics to discuss with your board

- What are we doing to strengthen our brand?
- What are our points of difference vs. our competitors?
- How do our products exemplify those differences?
- Do our account management people deliver our brand experience?
- How do those experiences drive loyalty to us?
- Do we have a programme of product launches to grow revenue?
- How do we engage new clients, other than pitching?
- How to we measure loyalty to our differentiated brand?

Some books for you to read

