Charlotte Beers at Ogilvy & Mather Worldwide (A)

It was December 1993, and during the past year and a half, Charlotte Beers had found little time for reflection. Since taking over as CEO and chairman of Ogilvy & Mather Worldwide in 1992, Beers had focused all her efforts on charting a new course for the world's sixth-largest advertising agency. The process of crafting a vision with her senior management team had been—by all accounts—painful, messy, and chaotic. Beers, however, was pleased with the results. Ogilvy & Mather was now committed to becoming "the agency most valued by those who most value brands."

During the past year, the agency had regained, expanded, or won several major accounts. Confidence and energy appeared to be returning to a company the press had labeled "beleaguered" only two years earlier. Yet, Beers sensed that the change effort was still fragile. "Brand Stewardship," the agency's philosophy for building brands, was not well understood below the top tier of executives who had worked with Beers to develop the concept. Internal communication efforts to 272 worldwide offices were under way, as were plans to adjust O&M's structures and systems to a new set of priorities. Not the least of the challenges before her was ensuring collaboration between offices on multinational brand campaigns. The words of Kelly O'Dea, her Worldwide Client Service president, still rang in her ears. "We can't lose momentum. Most change efforts fail after the initial success. This could be the prologue, Charlotte . . . or it could be the whole book."

Ogilvy & Mather

In 1948, David Ogilvy, a 38-year-old Englishman, sold his small tobacco farm in Pennsylvania and invested his entire savings to start his own advertising agency. The agency, based in New York, had financial backing from two London agencies, Mather & Crowther and S.H. Benson. "I had no clients, no credentials, and only $6,000 in the bank," Ogilvy would later write in his autobiography, "[but] I managed to create a series of campaigns which, almost overnight, made Ogilvy & Mather famous."[1]

Ogilvy's initial ads—for Rolls-Royce, Schweppes, and Hathaway Shirts—were based on a marketing philosophy that Ogilvy had begun developing as a door-to-door salesman in the 1930s, and later, as a pollster for George Gallup. Ogilvy believed that effective advertising created an indelible image of the product in consumers' minds and, furthermore, that campaigns should always be intelligent, stylish, and "first class." Most of all, however, David Ogilvy believed that advertising must sell. "We sell—or else" became his credo for the agency. In 1950, Ogilvy's campaign for Hathaway featured a distinguished man with a black eye patch, an idea that increased sales by 160%

[1]David Ogilvy, *Blood, Beer, and Advertising* (London: Hamish Hamilton, 1977).

Research Associate Nicole Sackley prepared this case under the supervision of Professor Herminia Ibarra as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation.

and ran for 25 years. Other famous campaigns included Maxwell House's "Good to the Last Drop" launched in 1958 and American Express's "Don't Leave Home Without It," which debuted in 1962.

Gentlemen with Brains

David Ogilvy imbued his agency's culture with the same "first class" focus that he demanded of creative work. Employees were "gentlemen with brains," treating clients, consumers, and one another with respect. "The consumer is not a moron," admonished Ogilvy. In a distinctly British way, collegiality and politeness were highly valued: "We abhor ruthlessness. We like people with gentle manners and see no conflict between adherence to high professional standards in our work and human kindness in our dealings with others."[2]

At Ogilvy's agency, gentility did not mean blandness. Ogilvy took pride in his agency's "streak of unorthodoxy." He smoked a pipe, refused to fly, and peppered his speeches with literary references and acerbic wit. He once advised a young account executive, "Develop your eccentricities early, and no one will think you're going senile later in life." In a constant stream of letters, he made his dislikes clear: "I despise toadies who suck up to their bosses. . . . I am revolted by pseudo-academic jargon like *attitudinal*, *paradigms*, and *sub-optimal*." He also exhorted his staff to achieve brilliance through "obsessive curiosity, guts under pressure, inspiring enthusiasm, and resilience in adversity." No one at Ogilvy & Mather ever forgot the full-page announcement he placed in the *New York Times*: "Wanted: Trumpeter Swans who combine personal genius with inspiring leadership. If you are one of these rare birds, write to me in inviolable secrecy."

In 1965, Ogilvy & Mather merged with its partner agencies in Britain to form Ogilvy & Mather International.[3] "Our aim," wrote David Ogilvy, "is to be One Agency Indivisible; the same advertising disciplines, the same principles of management, the same striving for excellence." Each office was carpeted in the same regal Ogilvy red. Individual offices, however, were run independently by local presidents who exercised a great deal of autonomy.

David Ogilvy retired in 1975. Succeeding the legendary founder proved daunting. "The next four chairmen," commented one longtime executive, "did not have his presence. David is quirky; they were straightforward, middle-of-the-road, New York." Ogilvy's successors focused on extending the network offices internationally and building direct response, marketing research, and sales promotion capabilities. Revenues soared in the 1970s, culminating in record double-digit gains in the mid-1980s (see **Exhibit 1**). The advertising industry boomed, and Ogilvy & Mather led the pack. Nowhere was the agency's reputation greater than at its New York office, heralded in 1986 by the press as "the class act of Madison Avenue."

Advertising Industry Changes

The booming economy of the 1980s shielded the advertising industry from the intensifying pressures of global competition. Companies fought for consumer attention through marketing, and advertising billings grew—on average, between 10% and 15% per annum. Brand manufacturers—challenged by the growth of quality generic products and the diverse tastes of a fragmented mass market—created multiple line extensions and relied on agencies' creative powers to differentiate them. As business globalized, so did agencies. Responding to clients' demands for global communications and a range of integrated services, agencies expanded rapidly, many merging to achieve economies of scale as "mega-agencies" with millions in revenues worldwide.

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[2]David Ogilvy, *Confessions of an Advertising Man* (New York: Atheneum, 1963).

[3]Dictionary of Company Histories, 1986.

After the stock market crash of 1987, companies reconsidered the value added by large advertising budgets. Increasingly, many chose to shift resources from expensive mass media and print campaigns towards direct mail, cable, telemarketing, and sales promotion. Fixed fees began to replace the agencies' historical 15% commission on billings. Long-standing client-agency relations were severed as companies sought the best bargains. Viewed by some as ad factories selling a commodity product, the mega-agencies were challenged by new, "boutique" creative shops. The globalization of media and pressures for cost efficiencies encouraged companies to consolidate product lines and to sell them in more markets worldwide. They, in turn, directed agencies to transport their brands around the world. The advertising agency of the 1990s—often a loose federation of hundreds of independent firms—was asked to launch simultaneous brand campaigns in North America, Europe, and the emerging markets of Asia, Latin America, and Africa.

Organizational Structure

By 1991, Ogilvy's 270 offices comprised four regions. The North American offices were the most autonomous, with office presidents reporting directly to the Worldwide CEO. Outside North America, presidents of local offices—sometimes majority stakeholders (see **Exhibit 2**)—reported to country presidents, who in turn reported to regional chairmen. Europe was coordinated centrally, but—with significant European multinational clients and a tradition of high creativity—the region maintained its autonomy from New York. To establish a presence in Latin America, Ogilvy obtained minority ownership in locally owned agencies and formed partnerships with local firms. The last region to be fully formed was Asia/Pacific, with the addition of Australia, India, and Southeast Asia in 1991 (see **Exhibit 3** for organization chart).

Between and across regions, "worldwide management supervisors" coordinated the requirements of multinational clients such as American Express and Unilever. WMSs served as the point of contact among multiple parties: client headquarters, clients' local subsidiaries, and the appropriate Ogilvy local offices. They were also responsible for forming and managing the core multi-disciplinary account team. More important, they facilitated the exchange of information throughout the network, attempting to ensure strategic unity and avoid operating at cross-purposes.

Over time, Ogilvy & Mather came to pride itself as "the most local of the internationals, the most international of the locals." Local delivery channels and the need for consumer acceptance of multinational products required specialized local knowledge and relationships. Local and global clients also served as magnets for each other: without local accounts, country offices were unable to build sufficient critical mass to service multinational clients well; without multinational accounts to draw top talent, the agency was less attractive to local clients.

With a "light center and strong regions," most creative and operating decisions were made locally. The role of Worldwide Headquarters in New York, staffed by 100 employees, was limited largely to ensuring consistency in financial reporting and corporate communications. Key capital allocation and executive staffing decisions were made by the O&M Worldwide board of directors, which included regional chairmen and presidents of the most powerful countries and offices such as France, Germany, the United Kingdom, New York, and Los Angeles.

The Ogilvy offices represented four core disciplines: sales promotion, public relations, advertising, and direct marketing.[4] Sales promotion developed point-of-purchase materials such as in-store displays and flyers. Public relations offices worked to promote clients' corporate reputation and product visibility. Advertising focused on mass marketing, establishing the core of a client's brand image through the development and production of television commercials, print campaigns,

[4]The number of Ogilvy offices by discipline in 1994 were as follows: 83 Advertising, 60 Direct Response, 12 Promotional, 23 Public Relations, and 92 in other areas, including highly specialized market research firms.

and billboards. Direct Marketing created and delivered targeted advertising—from mail order catalogues to coupons and television infomercials—designed to solicit a direct response from consumers. While the latter three resided within the regional structure, O&M Direct was an independent subsidiary. In the late 1980s, the Ogilvy board of directors decided to focus on advertising and direct marketing, the firm's chief competitive strengths. Unlike advertising, Direct's business in the 1980s remained chiefly local, but expanded explosively. By 1991, O&M Direct had received numerous industry accolades and was ranked the largest direct marketing company in the world.

"Beleaguered" Ogilvy & Mather

As clients demanded lower costs and greater service, Ogilvy & Mather—like many large agencies at the time—was slow to make adjustments. In 1988, Ogilvy was ranked the sixth-largest advertising firm in the world. As one executive remembered:

> Everything was going well. All we had to do was wake up in the morning and we were plus 15%. So why did we need to change? Our vision was "just keep doing the same thing, better." We failed either to recognize or acknowledge what were the first real indications that life around here was about to change fundamentally.

In May 1989, WPP Group Plc, a leading marketing services company, acquired Ogilvy & Mather for $864 million.[5] WPP, led by Harvard Business School-trained Martin Sorrell, had already purchased the J. Walter Thompson agency for $550 million two years earlier.[6] The takeover was hostile, with agency executives—including CEO Kenneth Roman—opposed. "It was a shock," explained one long-time executive. "We were a proud company with a constant stock market growth, the masters of our destiny. Suddenly, we were raided." Within months of the takeover, CEO Roman resigned. "Ken had absolutely nothing in common with WPP. There was a lack of trust, an air of conflict, adversaries, and invasion," remembered another. A number of top creative and account executives followed Roman, leaving Ogilvy & Mather for other agencies.[7]

Graham Phillips, a 24-year Ogilvy veteran, was appointed Roman's successor. One executive who worked with Phillips described him as "a brilliant account guy and a very good manager who identified our need to become a total communications company. But few would describe him as an inspirational leader."

In 1989, the agency lost major advertising assignments from Unilever and Shell. In 1990, Seagram's Coolers and Nutrasweet withdrew their multinational accounts.[8] Account losses in 1991 proved particularly damaging to the New York office, the agency's center and standard-bearer. "If New York thrives, the world thrives. If New York fails, the world fails" went a familiar company adage. New York's client defections were explained by one executive as a failure in leadership: "The office was run by czars with big accounts. People got used to a highly political way of working and work deteriorated." In 1991, Campbell Soup withdrew $25 million in business, Roy Rogers $15 million, and American Express—the account for which Ogilvy had won "Print Campaign of the Decade"—pulled out $60 million.[9] "Losing American Express had symbolism far beyond what the actual business losses were," recalled one Ogilvy executive. "People who were loyal Ogilvy

[5] Christie Dugas, "The Death of Ogilvy and an Era," *Newsday*, May 17, 1989.
[6] Ibid.
[7] "Change Comes to Fabled Ogilvy," *New York Times*, April 12, 1992.
[8] "Beers Succeeds Phillips at O&M Worldwide," *Adweek*, April 13, 1992.
[9] "Operation Winback," *Advertising Age*, February 1993.

employees, believers for years, disengaged. They threw up their hands and said, 'This place is falling apart.'"

Despite declines in revenue, the agency found itself unable to adapt to clients' changing demands. Budgets were not reduced at local offices, even as large clients pushed Ogilvy to streamline and centralize their accounts. "We were a high-cost operation in a low-cost world. There was a lack of financial discipline, a lack of focus on cost, and a lack of structured decision making on business issues," noted one executive. Another faulted the firm's tradition of local autonomy and failure to institute systems for managing collaboration: "We were spending a lot of money at the creative center without cutting back locally—building costs at both ends."

Recalling the atmosphere at the time, another executive concluded, "A shaken confidence permeated the whole company. We talked about change and what we needed to do ad nauseam, but nothing was happening. We tried to work within the old framework when the old ways of working were irrelevant."

At the end of 1991, Phillips stepped down as CEO, telling the press: "I have taken Ogilvy through a very difficult period in the industry. I had to let go people whom I had worked with for 27 years, and that wears you down." In April, Charlotte Beers was appointed CEO and chairman of Ogilvy & Mather Worldwide, the first outsider ever to lead the company.

Charlotte Beers

The daughter of a cowboy, Beers grew up in Texas, where she began her career as a research analyst for the Mars Company. In 1969, she moved to Chicago as an account executive with J. Walter Thompson. Once there, she cultivated success with clients Sears, Kraft, and Gillette, combining a Southern Texan charm with sharp business acumen. Beers rose quickly to senior vice president for Client Services.

At Thompson, Beers was known for her passionate interest—unusual in account executives—in the philosophy of marketing. Commented Beers, "I try never to discuss with clients only the stuff of business. I focus on advertising as well—on the ideas." Once described on a performance evaluation as "completely fearless," Beers earned a reputation for her ability to win over clients. Colleagues retold the story of how Beers impressed a roomful of Sears executives in the early 1970s by taking apart, then reassembling, a Sears power drill without skipping a beat in her pitch for a new advertising campaign.

In 1979, Beers became COO of the Chicago agency Tatham-Laird & Kudner. Her success in winning the mid-sized agency several new brands with Proctor & Gamble helped turn the firm around. Accounts with Ralston-Purina and Stouffer Foods followed. Beers was elected CEO in 1982 and chairman of the board in 1986. In 1987, she became the first woman ever named chairman of the American Association of Advertising Agencies. One year later, she led TLK through a merger with the international agency Eurocome-RSCG. Tatham's billings had tripled during Beers's tenure, to $325 million.

Beers Takes Over

Beers's appointment, recalled O&M veterans, created initial apprehension. Commented one executive, "She was from a smaller agency in Chicago and had not managed multiple offices. O&M is a worldwide company, and she had never worked outside the United States. And, she was not from Ogilvy." Added another, "This is an organization that rejects outsiders."

Her approach quickly made an impression with Ogilvy insiders. "It was clear from day one that Charlotte would be a different kind of leader. Full of life. Eyes open and clearly proud of the brand she was now to lead. Here was somebody who could look around and see the risks, but wasn't afraid to turn the corner even though it was dark out," said one executive. "We had leaders before, who said all the right things, were terribly nice, did a good job, but they didn't inspire. Charlotte has an ability to inspire—Charlotte has presence." Commented another executive, "She is delightfully informal, but you always know that she means business." Within two months of her appointment, Beers dismissed a top-level executive who had failed to instigate necessary changes.

Activate the Assets

"When I took over," recalled Beers, "all the press reports talked about 'beleaguered' Ogilvy. My job was to remove, 'beleaguered' from our name." In her first six weeks, Beers sent a "Hello" video to all 7,000 of Ogilvy's employees. It began:

> Everybody wants to know my nine-point plan for success and I can't tell you that I know yet what it is. I'm building my own expectations and dreams for the agency—but I need a core of people who have lived in this company and who have similar dreams to help me. That's going to happen fast, because we are rudderless without it. David [Ogilvy] gave us a great deal to build on, but I don't think it's there for us to go backwards. It's there to go forward.

Beers concluded that people had lost sight of Ogilvy's still impressive assets—its vast network of offices worldwide, its creative talent, and its distinguished list of multinational clients. "We must," she told senior executives, "activate the assets we already have." In her second month at Ogilvy, Beers observed a major client presentation by the heads of five O&M offices:

> It was a fabulous piece of thinking. We had committed enormous resources. But in the end, they didn't tell the clients why it would work. When the client said, "We'll get back to you," they didn't demand an immediate response, so I intervened. "You saw a remarkable presentation, and I think you need to comment." Ogilvy had gotten so far from its base, that talented people lacked the confidence to speak up.

For Beers, her early interactions with a key client symbolized the state of the company. "He kept retelling the tale of New York's downfall: how we blew a major account in Europe and how our groups fought among one another. The fourth time I heard this story," remembered Beers, "I interrupted. 'That's never going to happen again, so let's not talk about it anymore. Let's talk about what we can accomplish together.'"

Beers spent much of her first months at Ogilvy talking to investors and clients. For Wall Street, she focused on the quality of Ogilvy's advertising. "I refused to do a typical analyst report," she said. "When the Wall Street analysts asked me why I showed them our ads, I told them it was to give them reason to believe the numbers would happen again and again." Clients voiced other concerns. "I met with 50 clients in six months," recalled Beers, "and found there was a lot of affection for Ogilvy. Yet, they were also very candid. Clients stunned me by rating us below other agencies in our insight into the consumer." Beers shared these perceptions with senior managers: "Clients view our people as uninvolved, distant, and reserved. We have organized ourselves into fiefdoms, and that has taken its toll. Each department—Creative, Account, Media, and Research—are often working as separate entities. It's been a long time since we've had some famous advertising."

To restore confidence both internally and externally, Beers maintained that the agency needed a clear direction. "I think it's fair to say Ogilvy had no clear sense of what it stood for. I wanted to give people something that would release their passion, that would knit them together. I wanted the extraneous discarded. I wanted a rallying point on what really matters."

For Beers, what mattered was brands. "She is intensely client- and brand-focused," explained one executive. "You can't go into her office with financial minutia. You get about two seconds of attention." Beers believed that clients wanted an agency that understood the complexity of managing the emotional as well as the logical relationship between a consumer and a product. "I became confident that I knew what clients wanted and what Ogilvy's strengths were. It was my job to be the bridge." Beers, however, was as yet unsure what form that bridge would take or how it would get built. One of her early challenges was to decide whom to ask for help in charting this new course:

> I knew I needed their involvement, and that I would be asking people to do much more than they had been, without the benefits of titles and status. I avoided calling on people on the basis of their titles. I watched the way they conducted business. I looked to see what they found valuable. I wanted people who felt the way I did about brands. I was looking for kindred spirits.

The "Thirsty for Change" Group

Over the next few months, Beers solicited ideas for change from her senior managers, asking them to give candid evaluations of disciplines and regions, as well as of one another. In a style that managers would describe as "quintessential Charlotte," Beers chose to meet with executives one-on-one and assigned them tasks without regard to their disciplinary backgrounds. She commented, "I was slow to pull an executive committee together. I didn't know who could do it. It was a clumsy period, and I was account executive on everything— everything came to me." At first, some found the lack of structure unnerving. Noted one executive, "People weren't quite sure what their roles were. It caused discomfort. We began to wonder, 'Where do I fit? Who is whose boss?'" Another added, "She was purposely vague in hopes that people would stretch themselves to new configurations." Several executives, though cautious, found Beers's talk of change inspiring and responded with their ideas.

By May 1992, Beers had identified a group whom she described as "thirsty for change." Some were top executives heading regions or key offices; others were creative and account directors who caught her eye as potential allies. Her selection criterion was "people who got it"—those who agreed on the importance of change. All had been vocal about their desire to move Ogilvy forward. She sent a memo inviting them to a meeting in Vienna, Austria, that month:

Date:	May 19, 1992	**HIGHLY CONFIDENTIAL**
From:	Charlotte Beers	
To:	LUIS BASSAT, President, Bassat, Ogilvy & Mather—Spain BILL HAMILTON, Creative Director—O&M New York SHELLY LAZARUS, President—O&M New York KELLY O'DEA, Worldwide Client Service Director, Ford and AT&T—London ROBYN PUTTER, President and Creative Director—O&M South Africa HARRY REID, CEO—O&M Europe, London REIMER THEDENS, Vice Chairman—O&M Europe, Frankfurt MIKE WALSH, President—O&M, United Kingdom, London ROD WRIGHT, Chairman—O&M Asia/Pacific, Hong Kong	

Will you please join me . . . in re-inventing our beloved agency? I choose you because you seem to be truth-tellers, impatient with the state we're in and capable of leading this revised, refreshed agency. We want to end up with a vision for the agency we can state . . . and excite throughout the company. Bring some basics to Vienna, like where we are today and where we'd like to be in terms of our clients and competition. But beyond the basics, bring your dreams for this great brand.

Brand Stewardship

The Vienna meeting, recalled Beers, "put a diversity of talents in a climate of disruption." Having never met before for such a purpose, members were both tentative with each other and elated to share their perspectives. Two common values provided an initial glue: "We agreed to take no more baby steps. And it seemed clear that brands were what we were going to be about."

Beers asked Rod Wright, who had led the Asia/Pacific region through a vision formulation process, to organize and facilitate the meeting. Wright proposed a conceptual framework, based on the McKinsey "7-S" model,[10] to guide discussion of the firm's strengths and weaknesses. He also hoped to generate debate. "We don't have passionate arguments in this company. We avoid conflict, and debates go off line. When you use a framework, it's easier to depersonalize the discussion."

Reactions to the discussion ranged from confusion to disinterest. "It was theoretical mumbo-jumbo," commented one participant, "I tend to be far more pragmatic and tactical." Added another, "I don't have much patience for the theoretical bent. I wanted to get on with it." Wright admitted, "They rolled their eyes and said, 'You mean we've got to do all that?'" Beers agreed: "The B-school approach had to be translated." As the discussion unfolded, the group discovered that their personalities, priorities, and views on specific action implications diverged widely.

One debate concerned priorities for change. Shelly Lazarus diagnosed a firm-wide morale problem. She argued for restoring confidence with a pragmatic focus on bottom-line client results and counseled against spending much energy on structural changes. Mike Walsh agreed but insisted that the group take time to articulate clearly its vision and values. But Kelly O'Dea had become frustrated with Ogilvy's geographical fragmentation and argued that anything short of major structural changes would be insufficient.

Participants were also divided on whether the emerging brand focus was an end or a starting point. The "creatives" in the group[11]—Luis Bassat, Bill Hamilton, and Robyn Putter—flanked by Beers, Lazarus and Walsh were interested primarily in finding an effective vehicle for communicating O&M's distinctive competency. An eloquent statement, they felt, would sell clients and inspire employees. The others—O'Dea, Wright, Harry Reid, and Reimer Thedens—wanted a vision that provided guidelines for an internal transformation. Summarized Wright, "One school of thought was looking for a line which encapsulates what we do: our creative credo. The other was looking for a strategy, a business mission to guide how we run the company."

Yet another discussion concerned the route to competitive advantage. Bassat, Putter and Hamilton, commented one participant, felt that Ogilvy had lost sight of the creative product in its rush to worry about finances—"we'd become too commercial." A recommitment to better, more imaginative advertising, they believed, would differentiate the firm from its competitors. Reid and Thedens, architects of a massive re-engineering effort in Europe, insisted on financial discipline and tighter operations throughout the company as the only means of survival in the lean operating environment of the 1990s. Wright and Thedens added the O&M Direct perspective. Convinced that media advertising by itself was becoming a commodity product, each pressed for a commitment to brand building through a broader, more integrated range of communication services.

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[10]Wright's model included 10 issue categories: shared values, structures, stakeholders, staff, skills, strategy, suggestions, solutions, service systems, and a shared vision.

[11]Within advertising and direct marketing, "creatives" develop the art and copy for each media outlet of a brand campaign.

At the close of the meeting, remembered one attender, "There was a great deal of cynicism. 'Was this just another chat session?' we asked ourselves. But, we also had a sense that Charlotte felt right. She fit."

In August 1992, the group reassembled at the English resort Chewton Glen. Members presented Beers with their respective lists of priorities requiring immediate attention. Taken together, there were 22 "to do" items ranging from "examine the process by which we develop and present creative ideas" to "improve our delivery of services across geographical divisions." Beers recalled, "No one can focus on 22 things! I was so depressed, I stayed up all night and wrote a new list." She delivered her thoughts the next day:

> I think we have hit bottom and are poised for recovery. Poised but not assured. Our job is to give direction for change. So here is where I start. For 1993, we have three—and only three—strategies. They are:
>
> 1. *Client Security.* Let's focus our energy, resources and passion on our present clients. It takes three years to replace the revenue from a lost client. Under strategy one, there's a very important corollary: We must focus particularly on multinational clients. This is where we have our greatest opportunity for growth and where our attitudes, structure, and lack of focus have been obstacles.
>
> 2. *Better Work, More Often.* Without it, you can forget the rest. Our work is not good enough. Maybe it will never be, but that's O.K.—better to be so relentless about our work that we are never satisfied. You tell me there's nothing wrong with our credo, "We Sell, or Else," but you also say we need some fresh thinking on how to get there. We must have creative strategies that make the brand the central focus.
>
> 3. *Financial Discipline.* This has been a subject of high concentration but not very productively so. We simply have not managed our own resources very well, and that must change.

These 1993 strategies were linked to the emerging vision by a declaration: "The purpose of our business is to build our clients' brands." One participant recalled, "The idea of brand stewardship was still embryonic. Charlotte clearly understood it in her own mind but was just learning how to communicate it. She used us as guinea pigs to refine her thinking." But some expressed concern: "There was no disagreement that the 1993 strategy was correct. It was fine for the short-term but we needed a long-term strategy."

Through the fall of 1992, group members worked to communicate the strategy—dubbed the "Chewton Glen Declaration"—to the next level of managers. Beers directed her energy toward clients, working vigorously to win new and lost accounts. She spoke about the emotional power of brands, warning them of the abuse inflicted by agencies and brand managers who failed to understand the consumers' relationship with their products. Ogilvy & Mather, Beers told clients, was uniquely positioned to steward their brands' growth and development. Clients were intrigued. By October, O&M boasted two major successes: Jaguar Motor cars' entire U.S. account and the return of American Express's $60 million worldwide account.[12] The press hailed, "Ogilvy & Mather is back on track."

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[12]"Operation Winback," *Advertising Age*, February 1993.

Worldwide Client Service

The Chewton Glen mandate to focus on multinationals heightened the need for better global coordination. Although Ogilvy had pioneered multinational account service in the 1970s, the firm in the 1990s remained "segregated into geographic and discipline fiefdoms" that hampered the development and delivery of brand campaigns worldwide. Noted O'Dea, "What most clients began to seek was the best combination of global efficiencies and local sensitivity, but we were not set up to facilitate that. We had the local strength, but international people were commandos with passports and begging bowls, totally dependant on the goodwill of local agencies and their own personal charisma."

In the fall of 1992, Beers asked O'Dea to head a new organization, Worldwide Client Service, that would "tap the best brains from anywhere in the world for each account." O'Dea envisioned dozens of virtual organizations, each focused on a multinational client, with multiple "centers" located wherever their respective clients maintained international headquarters. Under WCS, members of multinational account teams became "dual citizens," reporting both to their local office presidents and WCS supervisors. One WCS director noted, "International people coordinating multinational accounts used to be regarded by the local offices as staff. We thought we were line; the clients treated us like line; but internally, we had no real authority. What WCS did was give us teeth by giving us line responsibility for our accounts—tenure, profits, growth, and evaluation of local offices."

WCS brand teams were structured to mirror their clients' organizations. Some WCS directors served largely as consultants, while others ran highly centralized operations, with a core team responsible for the entire creative and client development process. "We had to reinvent ourselves in the client's footprint," remarked the WCS account director for Kimberly-Clark. His counterpart at Unilever agreed but noted that current trends favored centralization. "Speed, cost-efficiency, and centralization are our clients' priorities. What matters is not just having good ideas, but getting those ideas to as many markets as possible, as **fast** as possible."

By 1993, O'Dea began to travel the world presenting the possibilities of transnational teams without borders. "Good sell-ins had to be done. Office heads had to understand that there were no choices—global accounts had to be managed horizontally. We'd be dead if we didn't do it," said Reid.

Tools for Brand Stewardship

"The first six months were high excitement, high energy, and a steep learning curve," said Beers. "That was followed by 12 months of disappointment and frustration. It didn't look as if we were getting anywhere." In December 1992, Beers asked Robyn Putter and Luis Bassat, two of the firm's top creative talents, for help in developing the emerging notion of "Brand Stewardship." They answered: "If we are to be successful, we must 'audit' our brands. We must ask the kinds of questions that will systematically uncover the emotional subtleties and nuances by which brands live." Beers took their insight directly to existing and prospective clients. One manager remembered:

> Clients immediately bought into Brand Stewardship. That created pressure to go public with it before we had every "i" dotted and "t" crossed. We didn't have a codified process, but Charlotte would talk to clients and we'd have to do it. Clients came to O&M offices saying, "I want a brand audit." And, our offices responded with, 'What's a brand audit?' One client asked us for permission to use the term. We had to move quickly, or risk losing ownership of the idea.

Beers responded by asking a group of executives to elaborate the notion of a brand audit. Led by Walsh, they produced a series of questions designed to unveil the emotional as well as the logical significance of a product in the users' lives: "What memories or associations does the brand bring to mind? What specific feelings and emotions do you experience in connection with using this brand? What does this brand do for you in your life that other brands cannot?" The insights gathered from these questions—which became the brand audit—would, in Beers's words, "guide each brand team to the rock-bottom truth of the brand." Focusing on two of Ogilvy's global brands—Jaguar and Dove—Beers's working group struggled to articulate in a few words and images each brand's unique "genetic fingerprint." The result was O&M's first BrandPrints™:

- A Jaguar is a copy of absolutely nothing—just like its owners.
- Dove stands for attainable miracles.

Crafting a Vision

As the "technology" of brand stewardship developed, the senior team continued to wrestle with the formulation of a vision statement. Some argued, "We have the vision—it's Brand Stewardship." Others maintained that Brand Stewardship was but a tool to be used in attaining a yet undefined, future state. Further, as O'Dea explained, "Nearly everyone had had some contact with Brand Stewardship and WCS but they viewed them as separate and isolated actions without a strategic context."

The solution to the impasse, for some, was to include a larger group in the vision formulation. "We needed to decide collectively what we were going to be. If you have 30 people deciding and 30 people who have bought into the vision, then they have no reason not to go out and do it," reasoned Wright. Walsh agreed: "You get the 30 most influential people in the company to open their veins together—which hasn't happened in a very long time." Others, including Beers, worried about losing control of the end result. Advocates for a larger group prevailed, and the entire O&M Worldwide board of directors along with eight other local presidents attended the next meeting in July 1993 at the Doral Arrowwood, a conference center in Westchester, New York.

The purpose of the meeting, explained one of the organizers, was to get final agreement on the vision and where brand stewardship fit in. Feedback from clients on brand stewardship and WCS was used to guide the initial discussion. Participants' recollections of the three-day event ranged from "ghastly" to "painful" and "dreadful." Noted Lazarus, "It seemed an endless stream of theoretical models. Everyone was frustrated and grumpy."

The turning point, Beers recalled, took place at the end of a grueling first day, when one person voiced what many were thinking: "He said, 'There's nothing new here. I don't see how Brand Stewardship can be unique to Ogilvy.' This was very helpful. One of the negatives at Ogilvy is all the real debates unfold outside the meeting room." The next morning, Beers addressed the group: "Certainly, the individual pieces of this thinking are not new. But to practice it would be remarkable. I have heard that in any change effort, one-third are supporters, one-third are resisters, and one-third are apathetic. I'm in the first group. Where are you?"

With Beers's challenge precipitating consensus, attenders split into groups to tackle four categories of action implications. One group, which included Beers, was charged with crafting the specific wording of the vision. A second began to develop a statement of shared values that would integrate traditional Ogilvy principles with the emerging values of the new philosophy. "That was hard to agree on," recalled Wright. "At issue was how much of the past do we want to take forward." The third group worked on a strategy for communicating the vision to all levels and offices throughout the company. Plans for a Brand Stewardship handbook, regional conferences, and a training program were launched. A fourth group was asked to begin thinking about how to realign titles, structures, systems, and incentives to support the new vision.

After heated brainstorming and drawing freely from the other three groups to test and refine their thinking, Walsh remembered that, finally, "there it was: **'To be the agency most valued by those who most value brands.'"** Summing up the meeting, one attender said, "There had been an amazing amount of distraction, irrelevance, and digression. I didn't think we could pull it together, but we did." (See **Exhibit 4** for the final version of the Vision and Values statement.)

Moving Forward

Through the fall of 1993, Beers and her senior team worked relentlessly to spread the message of Brand Stewardship throughout the agency. It was a slow, sometimes arduous, process. By the end of the year, they had identified several issues that they felt required immediate attention.

Spreading the Gospel

Compared to clients' enthusiasm, reactions to Brand Stewardship within the agency were initially tepid. Across disciplines, employees below the most senior level lacked experience with, and knowledge of how to use, the principles of Brand Stewardship. O'Dea remarked, "Brand Stewardship has not seeped into everyday practice. Only a minority of the O&M population truly understands and embraces it. Others are aware of Brand Stewardship, but not deeply proficient. Many are still not true believers."

Account executives who misunderstood the concept were at a loss when their clients demanded it. Planners expressed confusion about how to use Brand Stewardship to develop a creative strategy.[13] Recalled one executive, "People didn't understand such basic things as the difference between a BrandPrint™ and an advertising strategy."

Greater familiarity with the process did not always mitigate opposition. Admitted Beers, "We didn't always have much internal support. It did not sound like anything new." Another problem was that a brand audit might suggest a change of advertising strategy. "Doing an audit on existing business can be seen as an indictment of what we have been doing," noted one executive. Lazarus concluded:

> It will only be internalized throughout the organization with experience. I did a Brand Stewardship presentation recently with some of our account people. The client was mesmerized. They wanted the chairman of the company to see the presentation. Now, that had an effect on the people who were with me. I can bet you that when they make the next presentation, Brand Stewardship will be their focal point.

Perhaps the greatest resistance came from the creative side. "We've got to get greater buy-in from the creative people," noted Walsh. Their initial reactions ranged from viewing the BrandPrint™ as an infringement on their artistic license—"I didn't believe in recipe approaches. They can lead to formulaic solutions," said one early convert—to the tolerant skepticism reported by another: "The

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[13]Account executives managed the agency's contact with clients, bringing in new accounts and coordinating information flow between other functions and the client. Planners worked with account executives to establish creative marketing strategies.

creatives tell me, 'If it helps you get new business, that's great, but why are you in my office talking about this? I have a deadline and don't see what this has to do with creating advertising.' But you can't develop a good BrandPrint® without cross-functional involvement."

Others questioned the relevance of Brand Stewardship for O&M Direct. While clear to Beers that Brand Stewardship clarified the rewards to clients from integrating advertising and direct marketing, some were slow to see this potential. Dispelling the popular notion that direct encourages short-term sales while advertising builds brands over the long-term, Thedens argued, "You can't send a message by mail that contradicts what you show on television. Both disciplines sell and both build the brand."

One executive concluded that the biggest problem was insufficient communication: "Anyone who heard it firsthand from Charlotte bought in. From the moment she opens her mouth to talk about brands, you know she has a depth of understanding that few people have. The problem is that, until recently, she has been the only missionary. Although the senior team had started "taking the show on the road," Walsh felt they were too few for the magnitude of the task: "The same six or seven people keep getting reshuffled. The result is that follow-through is not good." O'Dea, however, pointed out that the new missionaries had different tribes to convert. He emphasized the importance of translating the vision into a new role for each employee:

> We need to move beyond a vision that is useful to the top five percent of account and creative people, to one that has meaning for everyone at Ogilvy. The Information Systems staff should see themselves as brand stewards, because without information technology, we can't respond with appropriate speed. I want the Media people to say, "I will not buy airtime on these T.V. shows because they don't fit the BrandPrint®." Creatives at O&M Direct developing coupon designs must be as true to the BrandPrint as creatives in advertising. Everyone must see themselves as co-stewards of the vision.

Local/Global Tensions

Success in 1993 winning several, large multinational accounts created further challenges for the embryonic WCS. Their goal of helping clients to develop a consistent brand image globally created tension in the firm's traditional balance of power. WCS pressed local agencies to give priority to brands with high global development potential over local accounts. For local agencies, however, local accounts often provided the most stable revenue stream and greatest profit. Further, in their zeal to exercise their newfound "line" responsibility, WCS supervisors were viewed at times as overstepping the bounds of their authority.

While tension had always existed between the centers and local markets, the increasingly centralized brand campaigns exacerbated conflicts. "Local agencies were used to always giving the client what they wanted," explained one WCS supervisor, "I had to start telling them to stop over-servicing the client." Some balked. Local expertise had always been one of Ogilvy's greatest competitive strengths. As one senior executive explained, "Certain local offices have not responded well to some of the advertising created centrally. One downside of global work is that it can end up being middle-of-the-road. When this happens, it's bad for an office's creative image locally."

But with costs escalating both centrally and locally, many felt that "the local barons" had to be reigned in. "How do we help our clients globalize," asked Walsh, "when our local management will conspire to keep them geographically oriented?"

For smaller agencies, issues of creative pride and autonomy were especially salient. Under the new system, the central WCS team developed the BrandPrint® and advertising campaign with input from local offices. Local offices then tailored execution to regional markets. But while large offices usually served as the center for at least one global account, smaller offices, explained one WCS director, "are more often on the receiving end now. They begin to feel like post boxes. How do you attract good people to smaller offices if they never get to run big accounts?"

Beers felt that maintaining flexibility was key. "Some of our competitors—McCann Erickson is a good example—are excellent at running highly centralized campaigns. For us to view WCS that way would be a mistake. WCS should build upon, not diminish, our local strength." Creative and execution roles, she explained further, should shift according to the locus of the best ideas or relevant resources:

> I want to continue to cultivate the tension between local and center. The easiest thing would be to have far more dominance centrally. It is more efficient, and the clients like it, because they invariably wish they had more control at the center. The reality is that nothing substitutes for full-blown, local agencies where the people are talented enough to articulate the heart of the brand, to interpret it in a sophisticated way, and—if necessary—to change it. If you have messengers or outlets, you will never execute well. The best ideas have unique, local modifications. One brand campaign we tested, for example, was an absolute win around the world, except in Asia, where the humor did not translate well. Our creative director in Asia worked with the idea, and it became the print campaign we use globally.

Also on her mind was the brewing controversy about how to split fees and allocate costs between WCS and local offices. Agency compensation on large accounts consisted frequently of fixed fees that were negotiated up front. With new clients, it could be difficult to estimate the range of Ogilvy services needed and the extent of local adaptation that would be required. Agencies in more distant markets were asked to contribute—sometimes without compensation—when the need for additional local work was discovered. Local presidents complained that, although WCS accounts pulled their people away from local accounts with clear-cut billable time, their portion of multinational fees was small. WCS, on the other hand, maintained that they were being forced to absorb more than their fair share of local costs.

Beers recounted one specific incident that unfolded in December. "Kelly told me that one of our offices had refused to do any more work for a client, because they did not have any fees. I said to him, 'I think you ought to talk to them about our new way of working and how much promise there is in it. Give them more information. If they still can't see their way, have them come to me.' You ask for collaboration," she concluded, "but occasionally you act autocratically."

As conflicts continued to erupt, senior management was divided on the solution. "We have highly individual personalities running our offices. With 272 worldwide," one account director observed, "it's been like herding cats." Debate swirled around the degree of management structure required. Lazarus advocated common sense resolutions between the global account director and local agency presidents: "In our business, the quality of the work that gets done all comes down to the people who are doing it, not to bureaucratic structures. If you create the right environment and you have the right people, you don't need a whole structure." Others, O'Dea and his WCS corps included, insisted that organizational changes were necessary to make Brand Stewardship a reality agencywide. Walsh agreed: "What we don't have is a structure, working practices, remuneration, praise of people—all based on Brand Stewardship." Referring to the trademark Ogilvy color, Beers offered her perspective:

> We have to make Ogilvy "redder." The finances should follow our goal of killing geography as a barrier to serving the brand. . . . Let's get the emotional content high and the structure will follow. We have people in the company who would prefer it the other way, but I want to get it done in my lifetime. So much of

what happens at Ogilvy is cerebral, thoughtful and slow. We can't afford to move at a "grey" pace.

At the end of 1993, yet another issue had come to the fore. With large multinational accounts, some WCS heads controlled billings that easily surpassed those of many countries in the network. The agency, however, had always accorded the greatest prestige and biggest bonuses to presidents of local offices, countries, and regional chairmen. Brand Stewardship now required top-notch brand stewards and organizations centered around products and processes rather than Ogilvy office locations. "I ask people to collaborate, but I don't pay them for it. This company has never asked its feudal chiefs to consider the sum," observed Beers. She pondered how to attract the best and the brightest to WCS posts, knowing she would be asking them to leave the safety of turf to head brand-focused, virtual organizations.

The "thirsty for change" veterans believed another hurdle would be learning to work better as a team. Said Lazarus, "I don't think we make a lot of group decisions. We talk about it, but decisions tend to get made by Charlotte and by the specific individuals who are affected." But implementation revived many of the debates of the first Vienna meeting. "I think we are all still very guarded," explained Walsh. "As each meeting goes by, it's a bit like a lump of ice slowly melting—our edges getting smoother all the time." Lazarus hoped that team members would grow "comfortable enough to disagree openly with one another." Battling a culture she had once described as "grotesquely polite" was still on Beer's list of priorities as she considered the group she had assembled to help carry the change forward.

By December 1993, Charlotte Beers assessed the year's progress: "Clients love Brand Stewardship. Competitors are trying to copy it. And internally, we lack consensus." She wondered what course of action in 1994 would provide the best stewardship of the Ogilvy brand.

Exhibit 1 Selected Financial and Organization Data

1984-1988

	1984	1985	1986	1987	1988
Revenues (in thousands)	$428,604	$490,486	$560,132	$738,508	$838,090
Net income (in thousands)	25,838	30,247	26,995	29,757	32,950
Operating profit (in thousands)	49,191	45,355	47,764	57,933	65,922

Source: The Ogilvy Group Annual Report, 1988.

1989-1993[a]

	1989	1990	1991	1992	1993
Total annual billings (in thousands)[b]	$4,089,000	$4,563,700	$5,271,000	$5,205,700	$5,814,100
Revenues (in thousands)	592,600	653,700	757,600	754,800	740,000
Percent change in net income[c]	NA	4.7	-2.8	1.9	5.3
Operating margin	NA	6.4	4.1	4.9	7.6

Source: *Advertising Age.*

[a]Financial information for 1989-1993 is not comparable to 1984-1988 due to the restructuring of the company following sale to WPP Group, plc. It is the policy of WPP Group, plc not to release revenue and net income information about its subsidiaries.

[b]Represents an estimate by Advertising Age of the total value of all advertising and direct marketing campaigns run in a given year.

[c]The percent increase or decrease is given from an undisclosed sum at base year 1989.

Exhibit 2 Percent of Regional Offices Owned by O&M Worldwide

	# of Offices	100%	>50%	<50%	0%
North America	40	80	20	0	0
Europe	97	63	24	8	5
Asia/Pacific	66	57	36	7	0
Latin America	48	25	6	21	48

Exhibit 3 Ogilvy & Mather Worldwide Organization Chart, 1991

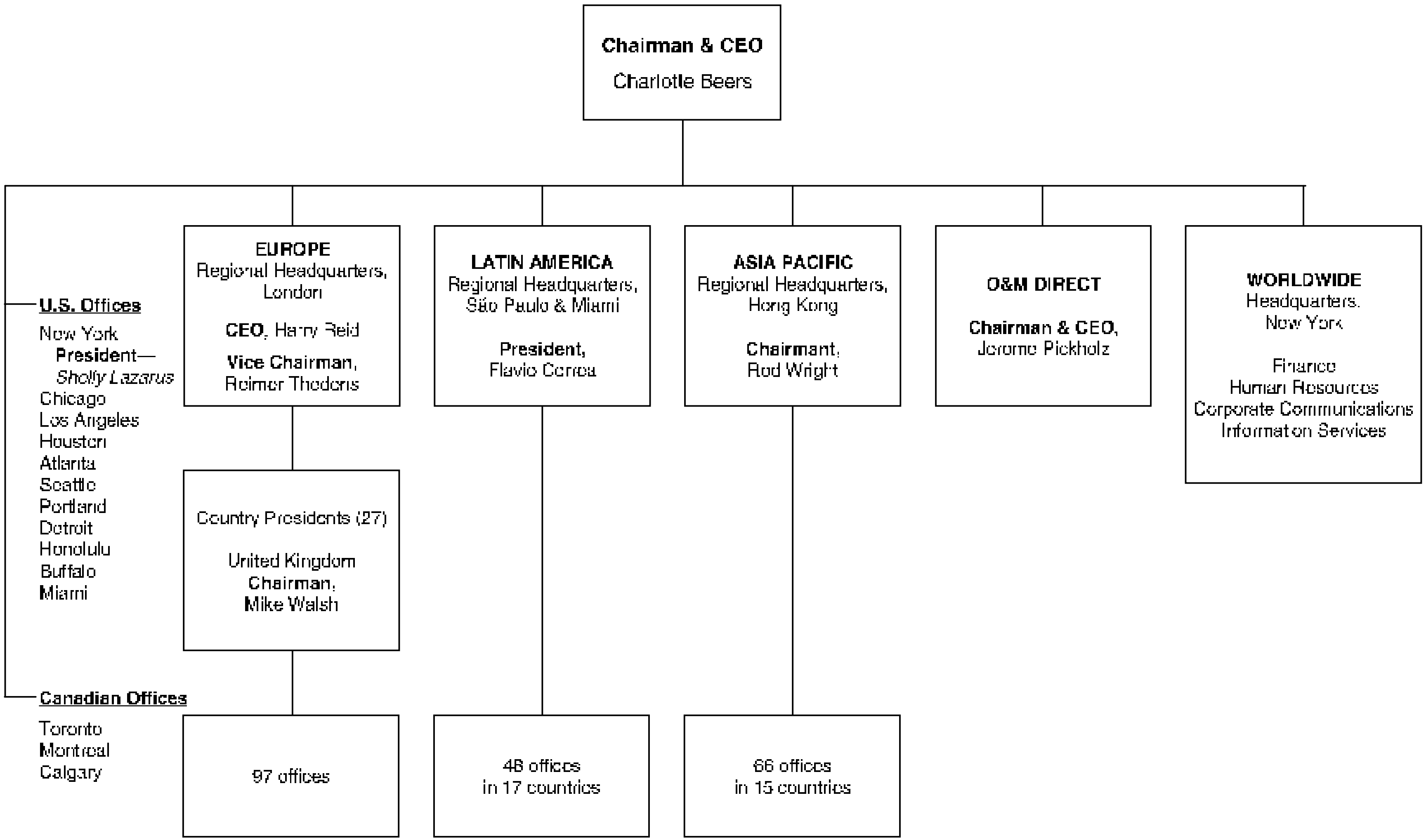

Exhibit 4 Statement of Vision and Values, 1993

To our people, our clients, and our friends —

The winds of change are blowing through Ogilvy & Mather. We are raising the sights of everybody in the company to a sweeping new vision:

TO BE THE AGENCY MOST VALUED
BY THOSE WHO MOST VALUE BRANDS

Not that we have ever been unmindful of the importance of brands. Quite the contrary. Our new thrust gets a big boost from ingrained Ogilvy & Mather strengths. Its roots lie in the teachings of David Ogilvy that reverberate through our halls. We have always aimed to create great campaigns with the spark to ignite sales and the staying power to build enduring brands.

What's new is a restructuring of resources, an arsenal of modern techniques, and an intensity of focus that add up to a major advance in the way we do business. We call it BRAND STEWARDSHIP — the art of creating, building, and energizing profitable brands.

The new techniques and procedures of Brand Stewardship have already proved their value for many important brands. As I write they are being put to work for others. In March we will launch them formally — in print, on tape, and throughout the Ogilvy & Mather network.

This will affect the working habits of every professional in the agency, to the benefit, I am convinced, of every brand we work for. I predict that it will bring out the best in all of you — creatively and in every other aspect of your work — and add a lot to the pleasure and satisfaction you get out of your jobs.

As a first formal step the Board of Directors is putting forward the new statement of Shared Values on the facing page. You may notice that several of the points are taken from principles that have guided the company since its start — principles that were most recently set on paper in 1990 when David Ogilvy brought our Corporate Culture up to date.

Thus the Shared Values perform two functions: they *expand* our culture to reflect inexorable change, and in the same breath they *reinforce* its timeless standards.

All vital cultures — national, artistic, corporate — tend to evolve as conditions change, preserving valuable old characteristics as new ones come into the spotlight. In just that way these Shared Values now take their place at the forefront of the dynamic culture of Ogilvy & Mather.

Charlotte

Charlotte Beers
Chairman, Ogilvy & Mather Worldwide

The market in which we compete is not a static one. To progress toward our new Vision will demand restless challenge and frequent change. The values we share, however, the way we do things day-to-day, will remain constant.

We work not for ourselves, not for the company, not even for a client. We work for Brands.

We work with the client, as Brand Teams. These Teams represent the collective skills of our clients and ourselves. On their performance, our client will judge the whole agency.

We encourage individuals, entrepreneurs, inventive mavericks: with such members, teams thrive. We have no time for prima donnas and politicians.

We value candor, curiosity, originality, intellectual rigor, perseverance, brains — and civility. We see no conflict between a commitment to the highest professional standards in our work and to human kindness in our dealings with each other.

We prefer the discipline of knowledge to the anarchy of ignorance. We pursue knowledge the way a pig pursues truffles.

We prize both analytical and creative skills. Without the first, you can't know where to go; without the second, you won't be able to get there.

The line between confidence and arrogance is a fine one. We watch it obsessively.

We respect the intelligence of our audiences: *"The consumer is not a moron."*

We expect our clients to hold us accountable for our Stewardship of their Brands. Only if we have built, nourished, and developed prosperous Brands, only if we have made them more valuable both to their users and to their owners, may we judge ourselves successful.