

What's the Matter with Ad Agencies?

Advertising Commentary

Never Wrestle With A Dinosaur. Just Walk Away.

An interview with MWSPartners CEO Mark Sciumeca

Nearly all U.S. advertising agencies are dinosaurs and destined to suffer the same fate. In case you haven't noticed, American business has changed during the last decade. Not just changed; a revolution in productivity and accountability. Clients demand value and insist on results and accountability.

While competitive businesses have had to restructure, trim down and outsource in order to survive, the structure and services in advertising agencies have changed little. Are they immune to these market forces? Cue the dinosaurs.

If an ad agency can't recognize and respond to a revolution in the marketplace, why should you entrust them with your marketing and business development needs?

A recent conversation with Mark Sciumeca was a real eye-opener. He's CEO of MWSPartners LLC, a rapidly growing national strategic marketing firm, based in Philadelphia.

Q. "Ad agencies are struggling to foster long-lasting relationships with their clients. But it doesn't seem to be working."

A. Sciumeca: "In fact, the opposite seems to be taking place. The reality in the new environment is that you can't keep clients for a long time, and wishing won't turn that around. We are operating in a market of volatility. Billions of client dollars have shifted among agencies in the second quarter of 2005 alone.

Our agency can deliver the best marketing program, catapult the client's business forward, and by month's end, that same client might stop advertising for any one of a hundred reasons that are completely unrelated to the results we've achieved for them. This kind of volatility isn't going to settle down. The old paradigm suggesting that larger ad agencies can deliver the most sophisticated marketing is extinct.

In order to provide the most effective service, and to prosper as an agency, you must be agile enough to shrink, grow, evolve and seize opportunities in real time.

Q. "You say that traditional ad agencies are dinosaurs and that you have the right business model. What is it?"

A. Sciumeca: "MWSPartners is successfully doing what a lot of smart businesses have been doing for a decade or more. We have created a core team with the best multi-disciplined strategic and creative talent available. We augment our core team with additional people that are matched precisely with the client's changing needs. By doing this, we are out-innovating the competition.

Over the life of a marketing campaign, we cycle into our firm those specific talents and disciplines to work hand-in-glove with our core team. These specialized experts are world-class. They may be needed for two months, five months. It keeps all of us fresh and able to consistently produce work that deserves attention and drives client sales with great new ideas. It also allows us to take on a very large new account without having to interview and hire a large staff. It saves time and lets us direct our energy where it belongs – toward our clients.

It's the only way any firm can continue to be effective in the middle of an explosion of new media forms and formats. The only thing that's not changing is that economic volatility seems here to stay.

Q. "Is the old ad agency business model gone for good?"

A. Sciumeca: I think it's broken and surviving on scarce resources. I learn by looking at where the revenue is going. As businesses embrace emerging media opportunities and fresh marketing strategies, the sole emphasis on television is almost gone completely. The biggest agencies are geared up to deliver flashy TV commercials for very big budgets. Some huge agencies have some top-flight talent, but the agencies themselves have been taken over by global holding companies. The current Madison Ave. bureaucracies are slowed down by hierarchies, politics and massive overhead. And the work suffers at the same time that clients have been paying enormous sums to bankroll the old system. By the time most dinosaurs are ready to approve a new plan, MWSPartners has already implemented it!

Q. "How do clients benefit from the way MWSPartners has evolved?"

A. Sciumeca: Our new paradigm can keep up with changes, whether in media, the Internet, or anything that touches consumers. We're developing for our clients unique and original media opportunities that break through the clutter of information. Big advertising organizations don't shift focus very well. Most are still looking through a periscope and all they see is what they've always seen: 30-second TV commercials and 60-second radio spots. How do you take your clients through the world of new media when you're still committed to the old paradigm?

Q. "The hot ad agency of today is often gone tomorrow. Is this paradigm going to sink your firm eventually?"

A. Sciumeca: "No, because we're always taking our clients into tomorrow and when it comes, we hope to be a day ahead of it. This isn't just about MWSPartners; it's a movement. It's about emerging media opportunities clients can own, like sponsoring sporting events and celebrity endorsements. It's about leveraging one strategy to spawn others at little or no additional cost. And the kind of clients who can recognize the changing nature of business are the people we want to work with."