



the whitepaper series

#2

decoupling

“ If you can save 25% on your marketing services production costs why would you choose not to do so? For the biggest of brands this could amount to, literally, millions of pounds each year. Even for relatively small, UK focused retail brands the savings are most likely to be well into six figures. ”



250%

You could save 25% on your marketing production costs. So why don't you?

In a recent paper that focussed on top areas for procurement activity, global consultants Accenture proposed that savings of between 20% and 25% could be achieved by decoupling marketing production. We think they are right.

Over the last 10 years media planning and buying has become enormously efficient and hugely effective. In the same timeframe clients' procurement teams have moved to direct buying of things like print, promotional premiums and photography. The common theme being that clients have managed to secure as good, or better, service and end products, for substantially less money, than when the product or service was delivered by their Advertising Agency.

That's not to say the Advertising Agency wasn't any good at its job, it's simply that Agency cost structures are, often, not the most efficient when it comes to delivering process, as opposed to creativity.

Accenture's paper went on to explain that value could be generated in three ways:

- 1. Faster speed to market**
- 2. Greater consistency**
- 3. Greater control**

We don't want to second guess Accenture, but we'd add a fourth point to this list:

4. Less hassle

Advertising and creative agencies have a vital role to play in ideation. Without their brilliant insight, inspired solutions and "out of the box" thinking, brands and businesses would be so much the poorer. But the evidence shows that once the idea is manifest, then moving execution to specialists is the right way to go.

It's about having the best people on the team, to make sure you have the most favoured chance of winning. And making the team work is where, all too often, the concept of decoupling falls down. More on this a little later.

“ IF WE ACCEPT THAT THERE IS VALUE TO BE GENERATED BY DECOUPLING THEN WHAT EXACTLY IS THAT VALUE AND HOW DO WE SUBSTANTIATE SAVINGS OF “UP TO 25%”? ”

If we accept that there is value to be generated by decoupling then what exactly is that value and how do we substantiate savings of “up to 25%”?

Let’s consider the points in order:

1. Faster speed to market

Faster speed to market is achieved by leveraging the scale and resources of your chosen production services partner. Invariably, a production services specialist (like Hangar Seven!) has invested heavily in technology (software) and the machinery (hardware) to get the job done more quickly. Often, and in our case, it revolves around clever workflows, adept use of automation, highly trained and tightly focused people, with a degree of right-shoring thrown in.

By having a team that’s well equipped and has a deep understanding of brand control, as well as production techniques, you’re buying experts not generalists. And in everything they do, they always seek better ways to make it happen.

2. Greater consistency

Greater consistency, even total consistency, should be every brand manager’s aim. Using a single source to apply your, or your agencies ideas means that consistency can be delivered. This is especially true when, as many clients do, multiple agencies are used for specialist areas such as shopper marketing, above-the-line, sales promotion, direct, online and so on.

Asking all agencies to channel their ideas through one production hub means you can be certain the correct brand standards will be applied and that a right-first-time culture will prevail.

This has the added benefit of saving you time at the briefing stage, thereby cutting down on “invisible” costs, as well as hard costs.

It also means consistency can be applied to hard costs as well. You, and your agencies, benefit from a single, lower cost rate card. Meaning jobs get done for a lower price and in a wholly transparent manner.

3. Greater control

In Accenture’s example greater control comes third in their list of three. Greater control is achieved

by having a 360 degree view of everything that’s happening on behalf of your brand. If all your collateral is channelled through a single source, then workflow monitoring becomes easier and the opportunity to re-use and repurpose existing assets can be capitalised on.

In most decoupling surveys that we undertake it soon becomes evident that assets are being recreated simply because one department did not know what another department had already commissioned. Control allows you to avoid this duplication and cut down on onerous waste.

4. Less hassle

And our fourth point ... Less hassle! We noted earlier that team work, or the lack of it, was where most decoupling projects fall down.

In his recent article on Forbes.com, Michael Lee quotes a member of Diageo’s global procurement team as saying: “... I do feel a little like a marriage counsellor sometimes ... helping to manage our agency relationships”. And there you have it ... squabbling kids ruin everything.

All too often, the reason agencies want to hold on to production is about income – not creativity or consistency or brand control. And when they see someone’s sticky fingers heading for their meal ticket, they do everything they can to stop it.

Protecting your livelihood is not a crime, but delivering a less than great service, at a higher than it should be price ... well, that’s questionable.

To be effective in decoupling the onus is on the client to make sure they know what they want to achieve and, having set their sights on the objective, they must follow through ... relentlessly.

In the short term it will be loads of hassle. But if it’s clear to all, upfront, that this is the way it’s going to be, then the squabbling soon stops and everyone learns to get on. We’ve seen it dozens of times and we’ve invariably worked through the issues to make sure the result is worth the investment. Which is why, today, we work with literally hundreds of client agencies to make campaigns happen in more than 80 countries around the world ... as well as a heck of a lot here at home.

The purpose of Hangar Seven's white paper series is to stimulate the readers' thinking by being, perhaps, a little bit controversial

And it's also to inform, by bringing things to the attention of our friends and colleagues that they may not have thought about. All of which we do for a better relationship with you, and so that we have a chance to keep talking and maybe to do some work for you.

For all the decoupled work that we undertake for brands like adidas Global and Coty International, we know many more companies who have never really considered its benefits or who have put it in the "too hard" box.

If you can save 25% on your marketing services production costs why would you choose not to do so? For the biggest of brands this could amount to, literally, millions of pounds each year. Even for relatively small, UK focused retail brands the savings are most likely to be well into six figures. And the direct result of such cost savings means that budgets for media or creativity and ideation can be INCREASED (or you can just make more profit than you did last year).

We list below just a few of the areas where most clients can consider decoupling in a low risk fashion:

Advertising mastering and versioning: once the creative idea is scamped out, let the production company build the masters and create the version. Alternatively, and this works equally well, let the agency create the first master and then ask the production company to prepare all the new masters and versions. The price differential will amaze you.

Photography: why pay agencies to buy what you can buy direct? Let them art direct by all means but, by going direct, you'll avoid the issue of usage rights (we have a white paper on that subject too) and neatly sidestep the need to pay margin on margin on margin. Yes, at the moment, you are doing.

Video and TV production: video production and TV commercials are almost the last bastions of what used to be one of the most heavily unionised trades in the country. There are better ways and there are quicker ways.

Marketing collateral: centralising the production of collateral across all marketing applications saves huge amounts of time – both yours and your agencies. Combine this with a robust asset management system and you have the makings of an effortless, low cost work flow which really will speed your time to market.

Packaging: great design sells off shelf. That's as it should be. But once you have your brand system and hierarchy, then a skilled packaging production house can churn out on brand, on message versions til the cows come home ... or later!

Localisation: versioning for something as simple as local store addresses, or as complex as re-captioning TV commercials in Peruvian. It's all about logic and knowing your trade.

Take our decoupling survey and see how you could benefit. It costs nothing and is, genuinely, obligation free. Simply email info@hangarseven.co.uk and put "Decoupling" in the subject box. We will call you right back. There's a simple scoping questionnaire which won't take long to run through with you. Following a site visit we'll prepare a concise report (no more than two pages) and detail exactly how much decoupling will save you. If you like what we tell you, we'll then happily develop the decoupling process for you and manage the whole process from start to finish.

So, by working with Hangar Seven, you'll achieve the 25% saving and have none of the hassle that's normally associated with getting there. What could be fairer than that?

Our last white paper focused on Image Rights. If you missed it and would like to receive a copy, mail info@hangarseven.co.uk



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