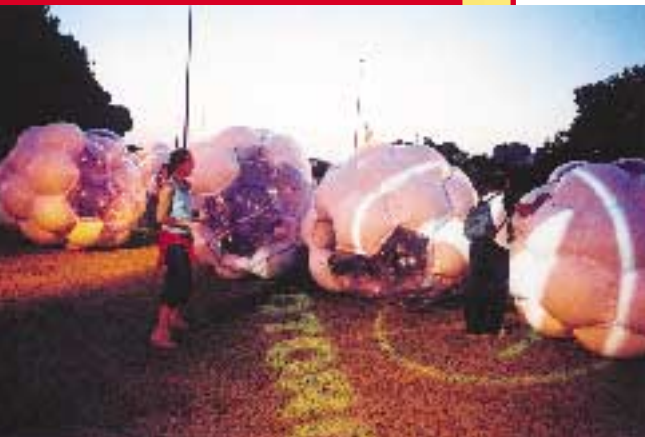


today's rules for powerful strategic partnerships

just on the horizon. For sure, they are more than just advertising and media buys. At the early stages of development, many partnerships are breaking new ground as they take different configurations and are customized for mutual benefit.

internationalist examines a couple of relationships of today that demonstrate new rules: Motorola's unprecedented partnership with MTV Networks and Shell Group's first forays. Agency search consultants weigh in about strategic partnerships among the oldest of partners, that of agency and client. And in the Commentary that follows on page 25, Dentsu's Fumio Oshima writes about how Dentsu has chosen to globalize by aligning with strategic partners.

None these alliances are alike, but the factors that make them powerful and valuable are the symbiosis and customization that bring the greatest benefits to both partners—and in the view of experts what makes today's rules essential for future success.



The Motorola-MTV partnership is much more than television for the handset marketer. The Motorola brand gained great exposure as part of the "Isle of MTV" tour that travels to clubs and beach resorts in major European cities, where international dance artists join with local DJs for an ultimate club night attracting thousands of young people.



mtv and motorola in sync

When MTV International and Motorola signed a three-year US\$75 million alliance last March, they began the largest marketing collaboration each had ever entered. For MTV, it extends the network's programming from the living room to people on the move in Motorola's wireless world. For Motorola, it gets the brand up front and center with hundreds of millions of youth

all around the world.

"We made a very conscious decision to make this a strategic partnership and not a media partnership," says Janet A. Fitzpatrick, VP-general manager of worldwide strategic marketing for the Motorola Personal Communications Sector. "It cuts across many areas."

Testament to that is the fact that events and other components are well underway, even before the first traditional commercial has appeared. Indeed, the various and separate components are customized to each country and culture.

In the mix are unique cutting edge programming, Web elements, mega-parties attracting thousands, contests, one-touch phone downloads with special themed packages for ring tones, screensavers and wallpapers, MTV Motorola text and video clips about new artists sent periodically, interactive lights tied to game applications and music.

In announcing the partnership, Bill Roedy, president of MTV Networks International, said, "This alliance celebrates MTV and Motorola's focus on a total lifestyle connection with our youth audiences...MTV is the only media brand that can deliver this all-encompassing experience to young people across multiple media platforms. Motorola's commitment to being a leading innovator in the wireless space makes them a compelling partner."

Fitzpatrick explains that the relationship works well because it capitalizes on the strength of each partner, MTV's connection with youth and Motorola's mobile distribution channel.

"It's not just buying the channels of communication that MTV offers. It's very much a symbiotic brand partnership. We have strong

claims in the same equity areas that are extremely complementary," she says. "We're a powerful force in Asia. They are a very powerful force in Europe. Jointly the brands added up to a very strong story."

Dave Clark, MTV's VP-global marketing partnerships, adds, "One of our objectives has been to leverage a key competitive strength, which is our scale. We have a very integrated marketing platform that works all over the world, a strongly, global strategy but local execution."

MTV channels are locally programmed, and events and online activities are all local. "We can offer both the scale and the local integration. If you listen to people complain about global deals, there is this perceived tradeoff of global vs. local. If you're too global, then you're sacrificing your ability to execute locally; if you're too local, then you're not leveraging scale. The question shouldn't be global or local," Clark maintains. "It's how good you are at doing both."

He says Motorola's mobile phone expertise is very important to the MTV audience, and that is an area of growth potential for MTV. "There is a lot they are offering us."

On the other hand, MTV can help Motorola improve its brand image by getting the phone more integrated into pop and youth culture as a whole, he says.

With creative by Ogilvy & Mather and media handled by MindShare and Universal McCann, the program is executed around the world by regional teams that determine what works best in each region and even each country. Fitzgerald's group provides coordination, strategic vision, and support but such an effort can't be centralized, Fitzgerald says, although "you do need cohesion."

Even though it's still early days, she is extremely pleased with both the "outputs and the tonality of the partnership. We are getting some extremely positive feedback."

And MTV is pleased too. "A lot is happening. It's working out really well," Clark says, "and we're just getting started."

shell group ready for more strategic partnerships

The Shell Group is just at the beginning of looking for new and different ways of getting its message out, including strategic partnerships to make

Seeking non-traditional ways to work with media, Shell distributed a mini-version of its social environmental report in international consumer magazines to gain a wider than normal audience.



For the fourth year, Shell partners with The Economist to offer a \$20,000 prize for a 2,000-word essay on a timely topic. The contest is open to the public.



This year's topic: "Do We Need Nature?"

the Shell brand and story "unavoidable," so says Judy Everett, who works as part of Shell Group's corporate identity responsible for managing global advertising.

Shell's first foray in a strategic program is with *The Economist*, centering around a contest that awards a \$20,000 prize annually to the winner of a writing contest on a specific topic that Shell deems important. Ads inviting participation run in a variety of publications. So far, Shell's additional use of the winning essay has been minimal, but, says Everett, there are a range of things we could do.

Everett says, "We're looking for more integration, and strategic partnerships are something interesting to us. We would like to do more along the lines of *The Economist*, but that doesn't mean we are looking for more writing contests. It

means we are looking for interesting ways to partner with our media channels, to work with them in a very integrated way."

Shell's corporate campaign that includes a variety of print and TV executions centers around reaching Shell stakeholders, or "global special publics," as Everett describes them, which influence the environment Shell operates in through legislation, comment, and action.

"We have so many messages hitting us that you have to be innovative in how you speak to people and how you reach people," she says. "Doing the same thing over and over again isn't effective. You won't get good results at the end of the day."

That's why Shell is looking for new ways to make an impact. The objective is to engage people, to be open, and to encourage a conversation and dialogue. This is a commitment from the chairman down, Everett says. "If you don't allow people the freedom to come up with new and interesting ways to do this, you're in danger of treading water."

"For us there isn't a one-size-fits-all approach. We have different layers, one is global, and we use media and agencies to get across our global objectives. We use a different approach when we go to different countries."

What's next for Shell is an evolving program that integrates even more different creative

channels in effective and imaginative ways, and that's where Shell is looking for strategic partners to get its message to target audiences.

agency search consultants weigh in

While fair compensation and other factors contribute to making strategic partnerships strong, like mindsets and shared goals are at the core of a healthy marriage.

That's the opinion of several agency search consultants, whose livelihood depends on making good matches. Despite the often strong opinions just the idea their existence sometimes elicits, agency search consultants can be a valuable source of information especially about the ingredients for a good strategic partnership.

And regardless of the industry's feeling about their role, they are here to stay. At a recent meeting hosted by AdForum.com, a group of consultants representing 21 consulting firms handled over 485 assignments in the past 12 months. This represented new business billings in excess of \$4.5 billion.

Estimates of how much business actually goes through consultants annually vary widely. According to Hervé C. de Clerk, founder of AdForum.com, a provider of information about the advertising business, while it is generally accepted that fewer than 25% of new business pitches go through consultants, "when you interview [the top ten] networks, they admit that over 80% of their new business comes through consultants." And, he adds, there are not many global pitches these days that are not organized by consultants.

In an informal survey of several consultants about the key ingredients to a strong agency-client partnership, they said it might sound like an obvious answer but finding the right partner in the first place is the start. Although the consultants surveyed come from different parts of the world, their views are strikingly similar.

And for the most part, they agree that the same principles apply to both creative and media agencies although they say that because media buys are so price-driven, costs may more frequently be a bigger issue and cause for changing partners.



A series of corporate commercials features Shell employees putting the company's business principles into practice to show commitment to protecting the environment and communities while meeting today's energy requirements.



“Look for a sensible mix between a solid marriage and a love affair” is the succinct advice of Hein Becht, president, SCAN Management Consultants, Amsterdam.

And perhaps unlike a personal relationship, it should begin with a thorough, objective evaluation of present and future needs and an examination of the current relationships and its fit or lack of fit, the consultants say.

“Right” partners must be open with each other, must have a defined goal and shared vision, and have a lot of things in common, they add, saying this all seems like common sense, but is often ignored.

“We are firm believers in transparency—that the agency must share with the client everything—except their individual salaries which is going too far,” says Greg Paull, principal, R3 Asia Pacific, Singapore.

And care should be taken to assure the relationship is between organizations and not individuals, they emphasize.

Bernard Petit, president, Videotheque, Paris, cites the key three areas of importance: structural, professional, and cultural. The first two are relatively easy to match up, but cultural is more complex, more difficult to evaluate and more important now than ever before, he says.

“Most international clients are now in the second phase of their international development, where the objective is to sustain growth through effective marketing communications policies in every country. Phase one was more about discipline and efficiency, such as imposing best practices and a global approach in countries previously accustomed to local approaches and maximum freedom in copy development. Power was the main attribute requested from an international agency partner in phase one. Sensitivity to different cultures is now a critical need as approaches are now much more multi-local than global.”

Becht echoes that belief: “Sensitivity to different cultures is a must unless efficiency has higher priority than effectiveness.”

Dick Roth, president, Roth Associates, New York, places great significance on commitment by both client and agency that it is a “team, having a defined goal and shared vision, good definition of roles and responsibilities, and an

operating principle of collaboration and joint ownership vs. individual ownerships and silos.”

And it must be more than simply advertising, says Becht. The two must agree on a strategic focus to add value to the client’s business, he says. “Agencies tend to stress their creative capabilities and geographical spread rather than presenting themselves as business partners. Strategic capabilities and understanding local cultures are more valuable to clients,” he says.

Both sides must provide strong leadership and be flexible to deal with complex international issues. “Rigid systems can get in the way of the right balance between global and local and can seriously de-motivate people at the front lines on both sides,” Becht says.

Petit notes that the power and discipline needed to be delivered by the agency in phase one can result in a severe “drying” of local initiative and strategic and creative input. Then local markets expect all ideas to come from the center, and it becomes difficult to nourish the thinking. To avoid this situation, frequent contact, exchange of information, and openness are key, he advises.

And then there is the issue of compensation. “We think agencies that perform exceptionally should be paid exceptionally,” comments Paull. And when efficiencies are trying to be achieved, which is important, that “doesn’t mean ‘everything is made in New York.’”

As to why relationships break down, the major “macro” reason is that no one is charged with the responsibility for the management and health of the relationship, someone who has the authority to provide governance, says Roth. He believes ownership of the relationship should be shared by a senior executive for each partner.

“Micro” reasons can range from an agency failing to improve the quality of a weak branch office in a strategically important market to strategic or creative overpromising or underperforming, points out Becht.

In Asia, relationships fundamentally break down because of loss of trust, says Paull. “The Asian aspect of ‘face’ should not be underestimated. When an Asian client no longer feels they can trust their agency, there is no return.” “The old principle is true,” says Petit. “Accounts are won on creative and lost on service.” ●



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aligning with strategic partners

Globalization is not an end unto itself. It is a means to the end of satisfying the demand for top line growth. At Dentsu, that demand is driven by our clients. We do whatever is necessary to help them achieve the growth they seek. Often, that means extending our services to global markets.

Dentsu has chosen to globalize by aligning with strategic partners. It is an approach that gives us valuable benefits. We gain access to local knowledge and global talent, introductions to clients, shared investment in infrastructure, tools and resources, and more prudent financial exposure. Strategic partnerships give us the ability to place client service specialists into hospitable environments that are well-attuned to local markets.

Of course, we sacrifice some of the advantages of majority ownership and operational autonomy. A strategic partnership is a balancing act. Each partner must recognize and respect the other's strategic priorities. You accept that there are some things you would do differently if you were doing them alone, and make the appropriate trade-offs.

Reciprocity is an important part of the equation. In return for international assistance, we help our strategic partners in Japan, the world's second largest consumer market. We also share our special expertise and experience in disciplines such as sports marketing and content development. For example, we have already formed a new company, International Sports & Entertainment, with our new strategic partner, Publicis.

Dentsu's first strategic relationship, with Young & Rubicam, recently celebrated its 20th anniversary. While there are no published statistics on the longevity of such partnerships, we feel confident that 20 years is a record in our industry. DY&R Asia, the joint venture agency, has had its ups and downs, as has every agency. But it continues to serve its clients well and to meet the needs of its parent companies.

In 2000, we entered into another strategic partnership with Bcom3, which comprised Dentsu, D'Arcy, and Leo Burnett. In 2002, that relationship evolved into a 15% ownership in Publicis, and a formidable new alliance

“ Each partner must recognize and respect the other's strategic priorities. ”



*Fumio Oshima is
executive vice president
of Dentsu Inc.*

was formed with uniquely balanced strength in the world's three dominant markets—the U.S., Europe, and Asia. The Publicis relationship opens up a number of new opportunities to extend ourselves globally on behalf of our clients, and puts us in the company of like-minded people who share our enthusiasm for innovation and our willingness to take risks to break new ground.

Dentsu is one of the oldest agencies in the world, yet we see ourselves as the model for the agency of the future. We pioneered integrated marketing decades ago, not as a way to capture more of our clients' marketing budgets, but as a means to deliver what we call Total Marketing Solutions. Sports marketing, event management, and the convergence of marketing and entertainment are not new businesses for Dentsu. They are what we have done to meet the needs of our clients for generations.

Our use of strategic partnerships to provide global service is yet another way we are meeting the challenge to think and act differently. It is a model that has worked well for Dentsu in the past, and the Publicis relationship greatly expands our horizons. Strategic partnerships may not be the best approach for everyone, but we feel it is right for our corporate culture and, most importantly, for our clients. ●