

REGIONAL AGENCY RANKINGS – THE CHALLENGES

When you go off to buy a car nowadays, you're often armed with more data than the sales person – comparison charts, actual cost analysis, etc – all possible information is disclosed to you so you can make an informed choice. However, because of two Senators (Sarbanes and Oxley) in the US and a few failed companies such as Enron, the same cannot be said about choosing agencies. The Sarbanes-Oxley act was introduced by the US Securities and Exchange Commission in late 2002 with the purpose of ensuring all disclosures were absolutely accurate. No more touting the fact you just closed a \$500m account or project in order to drive the stock price up – companies, and the individuals within them – now face fines and jail for false statements if they are publicly traded.

What makes top executives and board members wake up in a cold sweat is worrying about the foundation of financial controls on which their companies sit. In a nutshell, Sarbanes-Oxley says public businesses have to vet every internal process that feeds into a financial statement. The challenge is "walking the dog" through all the information sources that roll up into those reports, especially where any kind of IT is involved. Everyone from Microsoft to PwC can sell you software and people to help, but most of the US has become stuck in the headlights on this new law.

What does this mean for agencies? Well for some reason, only the advertising community decided to go beyond the letter and spirit of the law and chose to disclose *nothing*. WPP, Omnicom and Interpublic had the equivalent of a gentlemen's agreement and this then cascaded to the French groups and to Grey. By mid 2003, you couldn't ask an agency what day of the week it was because of Sarbanes-Oxley. No other industry category has chosen to disclose so little.

That said, one of the most contentious issues on a new business win has been its worth. Is it the size of what the previous agency says it is? Is it the size of what the new agency (and often client) thinks it could be? Or is AC Nielsen ADEX the best benchmark? In other business services, (merchant banking, business consultants), often the specific terms and details of the contracts are

shared with the media to make it crystal clear on what a new project is 'worth". That doesn't happen in advertising, and so everyone is left to make a best guess. And of course, nobody is completely right, because the amount is just a *forecast* of a future expectation, independent of SARS, Bird Flu or conversely increased sales.

So producing a ranking list of the agencies in Asia is very much an imperfect science using the only data that might be available. This year at least, we avoided the first natural tendency of looking at size and billings. All that is there are holding company filings, nothing for individual agencies. Even some of the holding companies choose not to break out Asia specifically for their own reasons. Creative awards at least give us a good measure of each agency, as does the new business report we've been tracking. In the end though, all of us made a partly qualitative assessment based on what the agencies *could* supply us with, and our own knowledge. Bring on the bouquets and brickbats, but let's all hope as time goes on, ranking an agency will be as easy as choosing a car.

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