CHAPTER FIVE

AGENCY MANAGEMENT – AN ANALYTICAL OVERVIEW
5.1 Introduction

5.1.1 In the process of advertising a lot of functions are interlinked. A successful agency is that which has perfect understanding within departments, a proper group of personnel professional communication, dynamic outlook and fast rational responses to the client, industry and competitive situations.

5.1.2 Looking at the agencies in Maharashtra they appear to be evenly distributed amongst Tiny, Small, Medium and Big agencies.

5.1.3 For the last sixty years the topmost agency of the country belonged to Maharashtra. All the coveted professional awards were shared by agencies from Maharashtra. The highest number of successful brands were launched by agencies in Maharashtra.

5.1.4 And today the highest number of accredited and Non-accredited agencies are situated in Maharashtra. Between 1901 and 1950 the total number of accredited agencies in Maharashtra was 23. Today 42 years after independence, the number is 134 INS accredited and 1009 NON INS accredited agencies. (Refer Table No. 5.1 Page 155 & Field Work).
5.2 **Type and form of Agencies**

5.2.1 900 agencies are tiny with billing up to Rs. 5 lakhs per annum. There is no INS member agency in this group. There are 124 small agencies with a billing between Rs. 5 lakhs and Rs. 300 lakhs per annum; of these 19 are INS members and 105 NONINS member agencies.

5.2.2 113 agencies are classified as medium sized agencies. They bill anything between Rs. 300 lakhs and Rs. 3000 lakhs per annum, of these only 4 are NONINS members. 6 agencies have been identified as big agencies. Their billing is more than Rs. 3000 lakhs, per annum, all of which are INS members. (Refer Table No. 5.2(A) Page 156). (Refer Graph 1, Page 231.)

5.2.3 Out the total 134 INS agencies 6 are public limited companies and 54 are private limited companies. 36 agencies are owned individually by proprietors. 38 agencies are partnership firms.

5.2.4 Apparently more than 60% of the agencies are either fully controlled or partly controlled by partners. This indicates personal involvement of the owners in business, and reflections of individual strengths, weaknesses and limitations are seen in agency performance. As a matter of fact most of these agencies fall in the medium billing structure despite their high creative and professional abilities.

5.2.5 On the other hand out of the 54 private limited companies 2 agencies have graduated to the big league. Out of the 6 public limited companies 4 form almost 70% of big agencies. This
fact indicates that the private limited and public limited companies have better chances of graduating to the big agencies club than proprietary and partnership agencies. (Refer Table No. 5.2(B) Page 157.) (Refer Graph No. 2, Page 232).

5.2.6 Amongst the NONINS the above conclusion is highlighted. Out of the 180 proprietary companies 150 fall in the Tiny category, billing less than Rs. 5 lakhs per annum. 30 of them bill a little more than Rs. 5 lakhs. In the given 797 partnership agencies only 2 bill more than Rs. 300 lakhs per annum, which is hardly 0.25% of all NONINS agencies proving the limitations of Partnership. The 750 Tiny agencies in the partnership class also substantiate the fact that limitations of owners exist. Per-employee billing of all such agencies has always been less than Rs. 25,000/-. 

5.2.7 There are 32 private limited companies in the NONINS category. 30 of them bill between Rs. 5 lakhs and 30 lakhs per annum and 2 of them bill above Rs. 30 lakhs per annum. Hence, out of the 1009 NONINS agencies only 4 fall in the medium category of which 2 are partnership and 2 are private limited companies who can compete with INS agencies on a par. The remaining 1005 are not competent to compete with INS agencies, proving the belief that the personal limitations reflect in business and a professional team has brighter chances of success. (Refer Table No. 5.2(B) Page 157) (Refer Graph No. 3, Page 233).
5.3 Organizational Structure

5.3.1 All big INS agencies organize themselves in different ways. The big agencies have a greater need to group their various specialists into departments and require more clearly defined areas of responsibility.

5.3.2 In the small and medium agencies, one man may perform several functions. The big agencies can afford to hire specialists. The principal functions performed in an agency are Research, Copywriting, Layout, Art Selection, Media Selection, Merchandising, Production, Account Management and Accounting.

5.3.3 All big INS agencies reported that they have specialized departments such as Production, Copy, Creative, Art, Studio, Client Servicing, Media, Administration, Finance, Research, Traffic, Audio-Video and now-a-days Account Planning. (Refer Table 5.3(A) Page 158-159)

5.3.4 50% of small INS and NONINS agencies have Production, Copy, Creative, Art, Studio, Finance, Client Servicing and Media Departments. These agencies are buying specialized services like Research, Audio-Visual and others from outside consultants.

5.3.5 While observing the percentage of medium INS and NONINS agencies 100% agencies operate their business with the help of Production, Copy, Creative, Art, Studio, Client Servicing, Media,
Administration, Finance departments. Only 16.66 percent of INS medium agencies have research and account planning departments.

5.3.6 The above figure indicates that modern advertising management is heavily involved with research and till today medium agencies have to rely on research suppliers. The reason could be that for research and account planning, the overheads are such that the medium sized agencies are not able to afford them. The salary expectations of research professionals and the number of research assistants required are so high that medium sized agencies prefer to rely on research suppliers paying them high fees. (Refer Table No. 5.3(A) Page 158-159).

5.3.7 About Tiny agencies, by contrast, in some cases agencies have no employees other than the owner. One man may perform several functions like screen printing, finishing, printing of stationery, photography and some public relation activities.

5.3.8 All advertising agencies, big or small, INS or NONINS, are floated with a view to servicing the advertisers to support their marketing efforts with efficient and effective advertising including production of advertising materials. All agencies provide practically the same type of service but a major difference among them is that in a Tiny agency many of the departments are handled by single "expert".
5.3.9 When in an agency many accounts are handled, a traffic department becomes necessary to maintain close surveillance over the movement of each piece of advertising through the various departments. The traffic manager, then, becomes responsible for schedule and control. He supervises the movements of each advertisement through all its stages and through all departments. Only big agencies have this department and in medium and small agencies each department has to coordinate its activities with the other departments.

5.3.10 In an advertising agency the four functional groupings are -

1) Creative Services,
2) Account Services,
3) Marketing Services,
4) Administrative Services.

To be formal, advertising agencies have been defined as "Independent business composed of creative and business people who develop, prepare, and place advertising in media for clients seeking to find customers for their goods and services".

5.3.11 David Ogilvy says, "The creative function is the most important of all. The copywriters, artists, art directors and

graphics specialists are referred to as creative people. Account managers, media planners, and researchers also work creatively in their own areas".

5.3.12 **Functional Departments**

a) **Creative Department**

Copywriters are grouped under a copy consultant who in turn reports to a copy chief, who in turn reports to a creative director. A copywriter works exclusively on one account, the creative director spreads his attention over several accounts. The span of control increases with the size of the agency and the size of the account. To stimulate interaction, a copywriter often is teamed with an art director and a television producer. Working together on the same problems, they experience the enterprising spirit of a small agency. (Refer Table No. 5.3(B) Page 160).

b) **Account Services Department**

Account Management is handled by personnel with titles such as account executives, account supervisors or management supervisors. Account executives are closest to the client in terms of day-to-day contact. They are assigned full-time to one of the client's brands. They represent the agency to the client and in turn, represent the client within the agency.

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In the big INS agencies, account executives are responsible to an account supervisor who brings greater experience to strategic planning and client relations. At the next higher level account group managers or account directors function similarly but are more likely to also be concerned with policy matters and the agency's own plans for its future. (Refer Table No. 5.3(B) Page 161).

c) Marketing Services Department

Media and Research are group under marketing services. "Research is not a substitute for creative advertising but it can throw up very useful clues regarding attitudes, feelings and the way consumers perceive the product. This helps a lot".

A big advertising agency is usually best equipped to service its clients in all facets of marketing, research and advertising. In the big INS agencies there is more specialization and division of work is done departmentally. For example, the media department in a big INS agency would consist of these personnel:

3. Arun Nanda (Rediffusion) Business India, July 1-14, 1985, p. 103.
These personnel are responsible for planning the media selection together with the operational assistants who are responsible for the execution of the media plan, namely, buying space or time in the given media, to see to it that advertising material is sent to the publications in time and the advertisements appear as per schedule. There are also assistants to check the advertisements and send them to the billing department to pass them on to the client together with the bills thereof.
The research department is involved in all phases of account planning: testing product concepts, target audience analysis, environmental analysis etc. Research has its specialists in questionnaire construction, sampling, interviewing, statistical analysis and experimental design. Research executives are assigned to particular clients and serve as the department's representatives on those account groups. Personnel in the research department are Research Chief, Executives, Statisticians, Field Controllers and assistants. These personnel design the projects, interpret the data and present the findings, control the field work, including large scale interviewing and data collection.

d) Administrative Department

The administrative wing has overall control over the employee – relations, day-to-day matters and services, support services, recruitments and training and development of personnel. The recruitment and training of personnel in an advertising agency requires specialists from various branches of marketing and advertising. Training and development of the personnel is of paramount importance. The personnel in this department are titled as Manager Administration, Manager (Human resources development),
Manager (training), Manager (Personnel Allocations), Estate Manager and Time Keepers. (Refer Table No. 5.2(B) Page 162.)

In administrative services, the financial wing is responsible for accounting, audit, cost-control, raising of new funds, recovery of outstandings, legal matters, and such other related aspects. The personnel in this wing are Director Finance, Executive Finance, Finance Manager, Accountants, Audit Assistants and Billing Clerks. (Refer Table 5.3(B) Page 163).

5.3.13 In short the organization structure of advertising agencies depends on size, form of ownership and functions being performed and services being rendered.

5.4 Advertising Agency Work Force

5.4.1 As regards employee education levels preferred by ad agencies for operational duties the following findings were revealed:

5.4.2 All the 100% of small INS agencies, 33% of medium INS agencies and all NONINS agencies i.e., medium, small and tiny agencies recruit undergraduates. The big INS agencies do not. Somewhat similar results were obtained in the case of recruitment of experienced personnel. All small INS, 50% of medium and big INS and all NONINS agencies recruit experienced personnel.
5.4.3 As regards professionally qualified personnel, all INS agencies, medium NONINS agencies, 50% of small NONINS agencies agree to recruit professionally qualified personnel. Tiny agencies cannot afford such recruitment. (Refer Table No. 5.4(A) Page 167 and Table No. 5.4(B) Page 168).

5.4.4 In fact the claim of small agencies regarding their appointment of experienced and professionally qualified personnel is hard to believe, since such people would definitely demand salaries which the agencies cannot afford.

5.5 **Per-Employee Billing**

5.5.1 The per-employee billing of big INS agencies is above Rs. 10 lakhs, whereas per-employee billing of medium size INS agencies is in the range of Rs. 5 lakhs to Rs. 10 lakhs. The per-employee billing of small INS agencies is below Rs. 5 lakhs. In the NONINS agencies, 93% agencies are below Rs. 5 lakhs per-employee billing companies. And only 7% bill between Rs. 5 lakhs and Rs. 10 lakhs. (Refer Table No. 5.5 Page 169 and Graph No. 4, Page 234).

5.5.2 These are indicative enough about profitability and overheads: 100% tiny agencies and 80% small and 50% medium NONINS agencies bill below Rs. 5 lakhs. 50% medium NONINS, 20% small NONINS agencies bill per employee between Rs. 5 and Rs. 10 lakhs. (Refer Table No. 5.5, Page 169 and Graph No. 5 Page 235).

5.6 **Number of Employees**

5.6.1 The number of employees in small INS agencies is between 11 and 25, 50% of medium size INS agencies employ between 26 and 100
employees. The rest 50% employ 101 to 300 employees. All big agencies employ more than 300 employees. (Refer Table No. 5.6 Page 170 and Graph No. 6 Page 236).

5.6.2 All tiny agencies employ between 1 and 10 people. 40% of small INS agencies employ up to 10 people. 20% of small INS agencies employ between 11 and 25 people. The rest of the 40% employ between 26 and 100 people. All the medium sized NONINS agencies employ between 26 and 100 people. The higher the number of employees, the higher the fixed overheads and lower profitability has been the equation for all NONINS agencies. Big INS agencies with more number of people and with higher turnover achieve higher profitability. The small and the medium INS agencies face the problem of lower profit percentage. (Refer Table No. 5.6 Page 170, Graph No. 7 Page 237).

5.7 New Client Development

5.7.1 In the INS agencies new client development is assuming importance. However, only 50% of small and medium and all big agencies attempt to identify probable clients. It means that small and medium agencies have their own limitations. (Refer Table 5.7 Page 171).

5.7.2 All big agencies and 50% of small agencies study the conflict of interest with other clients of the agency. 16% of medium agencies do attempt to study the conflict. May be big agencies are profession conscious, the small are afraid of losing a client and medium sized agencies do not realize the importance of holding a client.
5.7.3 Only big agencies make presentations on agency abilities to the prospective client. The medium and the small however, forget that they have to advertise themselves.

5.7.4 Only big agencies and 16% medium INS agencies attempt to point out strong areas and opportunities in future for the client. Apparently small and medium sized agencies do not make enough efforts to understand the clients, and do business on 'As is where is' basis.

5.7.5 All big agencies and 66% medium sized INS agencies make a strategic presentation. It is supplemented by present advertising vis-a-vis proposed advertising report. (Refer Table No. 5.7 Page 172).

5.7.6 However, only big agencies build prospect relationship and apprise decision makers on agency S-W-O-T (Strength-weakness-opportunities-Threats).

5.7.7 Surprisingly all INS agencies negotiate terms and conditions and minimum business split billing with the client. However only 50% of medium and all big agencies sign the client contract.

5.7.8 During the client pitching all the INS agencies scrutinize client's financial position. All of them evaluate client budget in the light of estimated sales and competition. All the INS agencies attempt to control credit levels in direct relation to the sales figures and image of client.
5.8 Creative Resources

5.8.1 Higher salary expectations by creative people apparently cause the lowest per-employee billing and higher employee turnover. 50% of medium sized, and 5% of tiny agencies do not agree on this. But it is a fact that the agency work quality, performance and continuity suffer due to high employee turnover. It is impossible for any agency, whether tiny or small to provide environment like that of an INS agency, at least per employee billing. Apparently none of these problems of this magnitude are faced by INS agencies. (Refer Table No. 5.8(A) Page 173).

5.8.2 On the question of less creative inputs available, almost 90% agencies in small and tiny category accept this. But for medium sized agencies availability of creative inputs is not a problem. Is this apparently due to their higher turnover and more disposable profits?

5.8.3 Amongst the NONINS agencies a study of creative resources supplemented the fact that less creative talent is available. 90% of Tiny agencies are agreed upon this, so also 100% of small agencies. However the gifted medium sized agencies were not willing to accept this and 50% said the talent is available.

5.8.4 All agencies in NONINS category have agreed that the information base on competitor's product and strategies is inadequate. Is this due to the fact of their being NONINS?
5.8.5 Questioned on inadequate market information, 50% of medium agencies had access to such database. But 50% of medium and 100% of small and tiny NONINS agencies acknowledged this peculiar problem. (Refer Table No. 5.8(A) Page 174).

5.8.6 Availability of external creative talent and use thereof is one more issue. Only 50% of medium sized agencies do not face this situation. The rest of the agencies in medium, small and tiny sectors face a dire shortage of external creative inputs. (Refer Table No. 5.8(A) Page 174).

5.8.7 The problems in managing creative and art departments of Ins agencies are altogether different. All small agencies are not able to analyze the client's brief from the creative point of view. 50% of medium sized agencies are also unable to do so. The rest 50% who have larger billing and high profit margins are able to look at client-brief creatively. Big agencies with big money only can afford to analyze client-brief creatively. (Refer Table No. 5.8(B) Page 175).

5.8.8 None of the small agencies and 80% of medium agencies have the ability to develop the advertising message by using market research and account planning. Only 20% of medium agency and all big agencies have the manpower and financial resources to develop such alternative messages. Account planning and market research have remained primarily a monopoly of big INS agencies.
5.8.9 Similarly internal presentation of alternative themes has been possible for big agencies only. The small and medium INS agencies do not possess creative surplus, substantial trial budgets and excessive manpower. In a bid to provide cost effective services both small and medium agencies normally do not present various themes. Almost all agencies keep in touch with their clients for any changes in creative strategy.

5.8.10 Almost all agencies alter the themes and incorporate clients' suggestions in the INS sector. This is not followed by NONINS agencies, since there is no lead time left and the approach of the client is unplanned. All INS agencies agree that co-ordination within production, creative and media departments is instrumental in producing good advertising. The major problems for INS agencies is internal co-ordination. (Refer Table 5.8(B) Page 176).

5.8.11 Almost all INS agencies have a department to co-ordinate with models, photographers, makeup men and related services, the only exception being 20% medium sized agencies expecting the client to appoint someone for this.

5.9 Production Aspects

5.9.1 All INS agencies complain about excessive lead-time calculations by client servicing team. The net result is an adverse impact on agency productivity. (Refer Table No. 5.9(A) Page 177).
5.9.2 Breach of commitment by suppliers has been a major problem, for all small INS agencies 50% of medium size agencies also agree on this. However, big agencies do not accept this. They also do not have problems for alternative suppliers. This is a major impediment in the small and medium sector who do not enjoy alternative supply sources. Is this due to the financial problems or is this because payments are not made in time or is this because of habitual breach of promise?

5.9.3 Lack of qualitative approach among suppliers is another major problem. All small and medium agencies face this situation. Surprisingly big agencies again have no such problem. May be the prices offered and terms and conditions negotiated by big agencies play a very important role.

5.9.4 Only medium agencies have problems of co-ordination within departments in cases of urgent decisions. Small agencies manage on their own and big ones have a structure to cope with. May be the small size of small agencies and systematic approach of big agencies provide the answers to such situations.

5.9.5 All big agencies and 50% of medium agencies follow a standard estimation and billing structure. Heavy competition within the INS fraternity and unhealthy practices by NONINS agencies lead to such situations and force the small INS agencies to deviate from this. Use of excess manpower for outstation and delivery work is another headache for small and medium INS agencies. This increases the costs, reduces
the profits and affects per-employee billing. (Refer Table No. 5.9(A) Page 178).

5.9.6 All small and medium INS agencies cannot control production overheads. Only 50% of big agencies have succeeded in controlling the same. This would be because of planned approach towards business.

5.9.7 All small and medium agencies accept unplanned production management due to unplanned client servicing support. Principally big agencies claiming to plan everything totally differ on this problem situation. The acceptance of modern and speedier and more efficient production techniques by big agencies confirms their totally professional approach. On the other hand small and medium agencies cannot adhere to such technological changes.

5.9.8 All NONINS agencies face problems of breach of commitment by suppliers, no alternative suppliers, lack of qualitative approach of suppliers, and no co-ordination among other departments. (Refer Table No. 5.9(B) Page No. 179).

5.9.10 Use of excess manpower for all work, unplanned production management, no control on overheads are also common here. There is no standard estimation and billing structure putting a barrier to client relationship. (Refer Table No. 5.9(B) Page 180).

5.9.11 All NONINS agencies are not willing to accept technological innovations at face value. Lack of understanding and co-ordination
within the agency hampers efficient working of the production department.

5.9.12 Are these problems due to structural complexities of INS agencies? or because of inflated egos of people working within the agency? or because of unhealthy competition?

5.10 Media Planning Aspects

5.10.1 The expenditure on media has to be controlled and monitored. The decisions in shifting of the clients is most of the times based on the agencies' approach on a media expenditure. Amongst the NONINS agencies, lack of information on marketing strategies, is the key reason for undone media schedules. Almost all NONINS agencies have lack of knowledge with regard to weaknesses in particular regions and segments.

5.10.2 Inadequate database on media circulation is one more impediment for NONINS agencies in developing their own departments. All 100% NONINS agencies agree on this. (Refer Table No. 5.10(A) Page 181).

5.10.3 Though major advertising is based on demographic profiles, all NONINS agencies posses inadequate information on demographic aspects. There are very few statistical compilations available for NONINS agencies. All 100% NONINS agencies agree upon this. Apparently no statistical inputs are available on media. This acts as a constraint on deciding media strategy for clients.
5.10.4 Amongst the INS agencies only big agencies appeared to have developed awareness about client media needs. 66% of medium and 50% of small agencies in the INS group are making attempts to intensify the process of understanding client media needs. Small and medium sized agencies are dumb about client's media position in competition. (Refer Table 5.10(B) Page 182.)

5.10.5 Like NONINS agencies, 100% small and 83% of big INS agencies are unable to analyze and assess client's strength.

5.10.6 There is no concentration among small and medium agencies about timely execution of media plans and schedules. All the big agencies fully concentrate on client media needs and timely execution of approved media schedules.

5.10.7 Inaccurate choice of media vehicles has been another problem. Small, medium and big are equally troubled on this front. (Refer Table No. 5.10(B) Page No. 183).

5.10.8 Control on outdoor media is another factor. 100% small and INS medium agencies accept this, with the exception of a few big agencies.

5.10.9 Big agencies are able to cope with changing media trends. However, 50% of small and 66% of medium agencies do not agree with this.

5.10.10 Less emphasis on quantitative media research is another key factor. Small and medium INS members do not undertake such exercises.
Following technical media models, media planning is done only by big agencies.

5.10.11 Is this because of statistical limitations, lower level of media planners knowledge, overconfidence of agency manager or because of oppressive clients?

5.11 Billing Aspects

5.11.1 Raising media bills in time is another important factor. In the INS group both small and big agencies are successful in following this practice. However apparently due to lack of manpower 33% of medium sized agencies cannot follow this practice. This results in difficulties of maintaining credit levels. (Refer Table No. 5.11, Page 184).

5.11.2 However most of the agencies claim that they are able to control and co-ordinate media recoveries. Most of them feel that they are maintaining perfect recovery levels.

5.11.3 The techniques of financial management are not so popular with the small and medium agencies. Only 50% of small and medium INS agencies make use of such techniques. None of the NONINS agencies use either cash flow analysis or finance control measures.

5.11.4 About 20% of medium INS agencies face problems in raising production and creative bills in time. The majority of small and big agencies do not face such problems. May be the problems of medium sized
agencies are attributable to disorganized and unplanned personnel placement.

5.12 **Financial Aspects**

5.12.1 All the medium, small and tiny NONINS agencies complain about receiving lesser percentage as commission from the newspapers. Practically there exists no commission structure for NONINS agencies. Due to this, newspapers practise biased or different discount structures. There is no solution possible. (Refer Table No. 5.12 Page 185).

5.12.2 In case of credit periods the situation is the same. Newspapers allow credit based on their own experience and need to receive ads. Some of them insist on advance payments for releases. All NONINS agencies strongly recommend a uniform discount and credit structure.

5.12.3 Different discount rates, conditions of advanced payments, higher employee overheads, extended credit facilities cause paucity of funds. This problem is faced by all medium, small and tiny NONINS agencies.

5.12.4 The problem of extended credit facilities by clients is very chronic. However, 50% of medium sized NONINS agencies do not face such problem. But the rest of them are neck deep in trouble.

5.12.5 Sharing of commission with clients has been another important problem spot for NONINS agencies. Except a few medium sized agencies the rest of the NONINS agencies are plagued by this. Kickbacks
and entertainment expenses on the client employees form another problem. Almost all agencies admit this and helplessly wait to get out of sharing the discount with the client as well as spending on client employees. As if this is not enough the percentage of bad debts is pretty high. All the agencies face this problem.

5.12.6 In distributing the finance to the ad agencies bankers are reluctant. More specifically financing the releases cannot very easily fit in banking norms. This puts an advertising agency into trouble. It is faced with problem of cash flow. (Refer Table 5.12 Page 186).

5.12.7 In some cases the newspapers ask agencies to furnish different bank documents. The retention money asked by banks to provide bank guarantees, bills of exchange, is very high. This problem coupled with others makes the functioning of finance departments of the NONINS agencies very very difficult.

5.13 Administrative Aspects

5.13.1 In the entire working of advertising agencies building and maintaining organizational structure is very vital. All INS agencies accept this fact. But 50% of medium sized agencies disagree on this. However most of the INS agencies accept appointments, progress, increments, promotions, demotions of employees as a vital function. The organizational integrity, leadership and professional excellence depend entirely on training and development of advertising personnel. (Refer Table No. 5.13 Page 187).
5.13.2 Liaison with Advertising Agencies Association of India, Indian Society of Advertisers, Audit Bureau of Circulations, Indian Newspapers Society Block Makers and Printers Association and local professional clubs is also an important management tool.

5.13.3 Controlling the entire functioning and not to deviate from standard practices and not to violate any code of conduct are also essentially an integral management function. This keeps the agency in close proximity with the advertising fraternity and maintains higher standards of professional ethics. All the INS agencies agree on this. (Refer Table No. 5.13 Page 188).

5.13.4 As an additional management function maintaining real estates, salary and wage administration, taking care of auditing, and taxation formalities complying with Government rules and regulations and managing corporate affairs are factors to which all these agencies pay enough attention.

5.13.5 As an additional and most important function, controlling recoveries and maintaining payment schedules as per the INS and Block Makers and Printers Association of India, all INS agencies delegate all this to the administrative department.

5.14 Personnel Management

5.14.1 Inducting new employees through systematic training programmes is followed only by big INS agencies. 100% small and medium agencies detest this idea. (Refer Table No. 5.14(A) Page 189).
5.14.2 Training of all employees with special relevance to agency functions and area of specialization is followed by all big agencies. Only 50% of small and medium agencies agree on this.

5.14.3 Keeping the professional spirit high by organizing refresher courses is done by all big agencies. 100% of small agencies send their employees to such refresher courses and only 50% of medium sized agencies show their faith in contribution by such refresher courses.

5.14.4 Highly specialized improvement programmes are a matter of regular practice. But only big agencies sponsor their employees for such courses and 16% of medium sized agencies show interest in such improvement programmes. The rest of them simply do not agree on this.

5.14.5 For all NONINS agencies availability of professionals is a problem. Only 50% of medium sized agencies did not have much problem. All small and tiny agencies complained about non-availability of professionals. (Refer Table No. 5.14(B) Page 190).

5.14.6 The medium NONINS agencies did not face problems of training and development facilities. But 100% small and tiny agencies had problems on this front.

5.14.7 All the agencies accepted that selection procedures are improper. The employee demands and salary expectations are very high. This adds to the operational losses of NONINS agencies.
5.14.8 In the whole advertising scenario the problem of employee turnover is prominent. And all the NONINS agencies accept that employee turnover is very very high. (Refer Table No. 5.14(B) Page 191).

5.14.9 Interpersonal communication skill is present amongst 50% of employees of medium sized agencies. In the small and tiny segment interpersonal relationship skill doesn't hold good. Almost 95% agencies in the small and tiny group admit bad employer - employee relationship. However 50% of medium sized agencies are trying to better their relations.

5.14.10 Small and tiny agencies produce results as a team. But 50% of medium sized NONINS agencies cannot work as a team.

5.15 Operational Problems

5.15.1 There are a few chronic situations confronted by NONINS agencies. All the agencies in this category amplify the fact that the budget allocated for creative work by clients is inadequate. 50% of medium and more than 90% of small and tiny agencies have acquired clientphobia. The restrictions imposed on creativity are so excessive that the agencies are forced to reproduce all the ideas generated by the clients. (Refer Table No. 5.15 Page 192).

5.15.2 Undue interference by clients in the creative activity from the beginning to the ultimate length of fathoming the very bottom is a typical NONINS agency problem. 50% of medium sized agencies claim...
exception to this. Sometimes the entire advertising message is lost due to this peculiar situation arising every now and then.

5.15.3 The creative efforts are directed by a very high degree of loyalty to Indian languages. All the NONINS agencies agree on this that an improper and irrational promotional material is produced by them.

5.15.4 In a bit to professionalise the entire functioning of advertising agency, measures like pretesting, copy testing, concept testing, post testing are being increasingly adopted by all NONINS agencies. Apparently and factually all the NONINS agencies accept that chaotic conditions prevail due to misunderstanding of these concepts. Are we to believe that the NONINS agencies are a totally different breed which cannot and may not achieve professional standards?

5.16 Social Audit

5.16.1 All INS agencies claim that they undertake social interest advertising, they follow ethical restrictions imposed by various government authorities, they abide by all laws relating to lottery, drugs, magic remedies and other promotional schemes, and they claim to advise their clients on the latest rules and regulations regarding advertising. (Refer Table No. 5.16 Page No. 193).

5.16.2 However the growing number of disputes in MRTP indicates deviation from such laws. For example Videocon was advertising a very
simple product concept as the PIP Television. But when prosecuted by MRTP they admitted their doings and introduced product innovation.

5.16.3 The social interest advertising concept has been propagated by Lintas. They have received prestigious awards for such ads.

5.16.4 All the INS agencies do not undertake ads which may incite people to crime. How far is it true in light of the growing violence-oriented ads? (Refer Table No. 5.16 Page 194).

5.16.5 All INS agencies do not produce ads highlighting caste, creed, colour, race and nationality.

5.16.6 All INS agencies, claim that they do not produce ads encouraging people to follow the modus operandi of crimes.

5.16.7 All INS agencies state that they do not produce the ads which are not factual and are inaccurate. But looking at the ever-growing number of commercials on TV and ads published in press, this statement appears to be dubious.

5.16.8 All INS agencies do not produce campaigns which are aimed at consumer exploitation. The MRTP notification and decisions virtually indicate an upward trend in consumer exploitation. Mostly all direct advertising efforts have produced exploiting ads.

4. PIP - Picture In Picture
6. Lintas - Top most advertising agency in India.
5.17. Co-ordination

5.17.1 All small and 66% of medium sized INS agencies feel that co-ordination between various departments within the agency is a difficult and most important task. However big agencies do not subscribe to this view. This may be because of their high degree of professionalism.

5.17.2 All small agencies and 50% of medium and big agencies consider that managing interpersonal problems within different working groups is difficult. However, 50% of medium and big agencies do not agree to this in light of dedicated and professionally grown advertising executives. (Refer Table No. 5.17(A) Page 195).

5.17.3 Small agencies do not believe in co-ordinating with account planning and developing client presentation. However, the so-called professionals, 33% of medium sized INS agencies and all big INS agencies practise this. This could be attributed to demanding clients and higher degree of edge to edge competition.

5.17.4 All big INS and 50% of medium and small agencies agree on necessarily making a winning client presentation. However, 50% small and medium agencies do not make, a winning client presentation. Instead they apparently believe in an individualistic approach. (Refer Table 5.17(A) Page 196).

5.17.5 All big and small agencies and 66% of medium sized agencies stress on keeping or maintaining continuous client support. However,
33% of medium agencies do not agree on this. The reason could be the trust and belief in each other to satisfy any communicational needs.

5.17.6 All INS agencies co-ordinate with billing and accounting section and settling bills. Is it because billing provides them bread and butter?

5.17.7 50% of NONINS medium sized agencies feel the necessity to understand client needs. But small and tiny agencies do not accept this. Similarly 50% of NONINS medium sized agencies believe in identifying client problem areas and only 18% of small and tiny agencies subscribe to this view. The rest of the small and tiny agencies are not willing to do such things. (Refer Table No. 5.17(B) Page 197).

5.17.8 Almost all NONINS agencies do not believe in or undertake a co-ordinated approach to solve client's problems. 50% of medium, 81% of small and tiny agencies interact with different departments of clients. An equal number of NONINS agencies interact within different departments of the agency itself.

5.17.9 Contrarily 50% of medium sized agencies co-ordinate within the agency. 17% small and tiny agencies do not co-ordinate within the agency resulting in problems with client and obstacles in agency payments.

5.17.10 100% medium sized agencies fulfill client commitments, 50% the of small and tiny sector attempts to fulfill client commitments.
5.18 Research Aspects

5.18.1 Research is a systematic pursuit of research. 100% big INS agencies use concept testing as a tool. 50% of small and medium INS agencies and 100% big INS agencies follow product testing and understand the product. (Refer Table No. 5.18, Page 198).

5.18.2 50% of small and medium INS agencies and 100% big INS agencies undertake packaging tests. This allows them to identify impact of packaging and acceptance by consumers.

5.18.3 Only big INS agencies follow rules of copy testing. The test report indicates changes to be made within the copy matter and make it more productive and effective. Small and medium INS agencies do not use this tool, apparently for reason of additional financial involvement.

5.18.4 Only big INS agencies order ad-pretesting. This facilitates advance assessment of impact that the advertisements would make.

5.18.5 Big INS agencies commission post-testing of advertisements. This allows them to incorporate any changes to be made mandatorily based on post release public opinion.

5.18.6 Big INS agencies pay for message impact research. This allows them to ascertain the effect on the subconscious.

5.18.7 50% of small and medium INS agencies and 100% of big agencies undertake media research. This independent study helps them to assess media efficiency. (Refer Table No. 5.18, Page No. 199).
5.18.8 All big INS agencies and 33% of medium sized agencies undertake target audience research. This facilitates them to hit the exact decision makers.

5.18.9 All big INS agencies claim that they believe and make use of motivation research. The research peeps into the consumers' mind and gives necessary guidelines.

5.18.10 50% of small and medium INS agencies and all big agencies subscribe to press audit. This facilitates share of voice (S.O.V.) Vs share of market (S.O.M.) analysis. This tool is helpful in deciding advertising expenditure.

5.18.11 All big agencies suggest clients to syndicate retail audit. This helps the agencies to vary advertising expenditure and promotional thrust in weaker sales areas, as well as to reduce excessive expenditure in stronger areas.

5.19 Account Planning

5.19.1 Account planning is essentially about strategy planning from the consumer perspective. It involves the introduction into the agency's account group, a member "Whose first loyalty is not to research or to the creative work, or to the client - agency relationship, or even to the client as such, but to the brand as it is perceived by consumers."
5.19.2 Account planning is particularly relevant in an environment where urban consumer change is acceleratingly multifaceted and multidirectional and where the battle amongst marketers thickens.

5.19.3 An analysis of the findings of big, medium, small INS agencies with respect to the understanding which they have of the target audience, reveals that the small agencies totally ignore this aspect of account planning. In the case of medium size agencies 50% study this aspect, while big agencies claim that all of them study this aspect thoroughly. (Refer Table No. 5.19, Page 200).

5.19.4 A similar study of the identification of target income groups shows that while small agencies ignore this aspect also, 33% of medium agencies and all big agencies claim that they study this aspect. The reason seems to be the non-availability of financial and other resources in the case of all small agencies, while in the case of medium agencies the reason would be either sheer ignorance or indifference.

5.19.5 The study of agency attitudes towards lifestyles of target audiences reveals a trend similar to earlier conclusions, i.e., all Big agencies, 16% of medium and no small agencies study this aspect. The reasons for this finding are also similar to those of the previous cases.
5.19.6 50% of small agencies, 33% of medium and all big agencies claim to study target audience psychology. The response to the query from medium agencies is somewhat unexpected.

5.19.7 As regards establishing direct communication with target audience 50% of small agencies, 66% of medium and all big agencies take this aspect seriously in their account planning.

5.19.8 50% of small, 66% of medium and all big agencies ascertain technological relevance of the advertiser's products. Similarly 50% small and medium agencies and all big agencies study environmental acceptance of the product. Testing of products and recommending improvements have been claimed to be a regular practice with 50% of small, 66% of medium and 100% big agencies. Personal experience however points out that this claim could be an exaggeration. (Refer Table No. 5.19, Page 201).

5.19.9 Approximately all agencies have claimed that they develop promotional mix keeping in mind the product features. This claim appears to be acceptable.

5.19.10 50% of small, 83% of medium and all large agencies claim that they do analyze the client's company and products vis-a-vis the competition. This claim also appears to be an exaggeration. (Refer Table No. 5.19, Page 202).

5.19.11 All agencies take into account the legal and political barriers for product promotion.
5.19.12 While 50% of small agencies, 83% of medium and all big agencies claim to study industry competition, the claim is difficult to accept fully particularly in the case of small agencies, for want of resources.

5.19.13 Another claim which is unexpected and difficult to accept fully is that all small and big agencies and 66% of medium agencies study the cultural and social changes while account planning.

5.19.14 While all agencies claim that they recommend packaging design changes, pricing and products in tune with fast changes in the economy, personal experience makes it difficult to accept this claim. The same comment holds good in the case of perceiving future competition and making recommendations which are claimed to be the normal practice for all the agencies. (Refer Table No. 5.19, Page 203).

5.19.15 In any given business of consumer products, the distribution channel has vital importance. Monitoring retail levels is a very crucial part in the process of retailing. The localized competition acts as an important barrier. To effectively counter the local situation an agency has to plan the account accordingly. In the INS, 50% of small, 66% medium and 100% big agencies follow this. But practically only big spenders are bothered about localized strategies. (Refer Table No. 5.19, Page 203).
5.20 Type of Clientele

5.20.1 As regards the class of clients no big INS agencies accept accounts of shops and establishments. 50% of big agencies accept accounts from the real estate sector. In the NONINS sector medium, small and tiny agencies all accept accounts of shops, establishments and real estate. No NONINS agencies accept travel and tourism accounts. 50% of medium NONINS agencies accept textile accounts. Neither a small INS agency, nor any NONINS agency undertakes public service advertising. (Refer Table No. 5.20, Page 204).

5.20.2 Very few NONINS agencies accept personal product advertising. All big and medium INS agencies and 50% of medium, 30% of small NONINS agencies undertake advertising of office equipment and business services and personal durables. All INS agencies and 50% of medium and small NONINS agencies accept advertising of audio/video equipment. As regards advertising of publications or educational institutions all big and medium INS, 50% small INS agencies and 30% of small and 15% of tiny NONINS agencies accept these accounts.

5.20.3 The advertisement of educational institutes are concerned with admission notices, appointment, short term courses and seminars etc. These advertisements are locally released in the newspapers.
5.20.4 All big and medium INS agencies and 50% of NONINS agencies advertise medical and pharmaceutical products. (Refer Table No. 5.20, Page 205).

5.20.5 In the automotive and ancillary sector no NONINS agencies and small INS agencies are capable of handling such accounts. Only medium and big INS agencies take up those accounts. This trend is evident in appliances and durables, banking, finance, insurance, cosmetics, decor, and toiletries. In the corporate segment a few medium and small NONINS agencies have ventured.

5.20.6 Small INS agencies do not take interest in food and beverage accounts. 50% of medium, 16.66% of small and 10% of tiny NONINS agencies take small interest in guerrilla warfare.

5.20.7 In the industrial and engineering sector 50% of small INS, 33.33% of small NONINS and 35% of tiny NONINS take interest because of higher competitive margins. The rest of the agencies fully acknowledge the importance of industrial and engineering accounts.

5.20.8 The available statistics indicate that NONINS agencies cannot claim higher market shares in various segments excluding real estate and shop advertising. This could be attributed to their professional competence and competitive advantage. These are the areas overlooked by NONINS agencies. Even within the INS some of the segments are not being catered to by small agencies; maybe the degree of professional involvement is higher. (Refer Table No. 5.20, Page 205).
5.20.9 Looking at the class of clients no NONINS agencies have clients from the automobile sector. This is directly a reflection on agencies abilities. Even almost all consumer durable and non durable clients are being serviced by INS agencies specially medium and big sized agencies. Shops and establishments which are local in nature are not with big agencies. The reason could be 'no need of professional expertise'.

5.20.10 In public service advertising, small and tiny agencies are not preferred. Only big and medium agencies handle such clients. Could this be assigned to their ability to understand client needs and responsible look at social audit?

5.21 Advertising Budget

5.21.1 The reason why the budgetary cutoff point for big agencies is set at a high figure is not only the non-profitable nature of small clients but also the need to have a clientele of prestigious profile. All medium and big INS agencies and medium NONINS agencies agree to this and accept accounts above Rs. 30,00,000/- (Refer Table No. 5.21(A) Page 206).

5.21.2 However, some of the ad agencies in medium and small INS sector accept accounts Rs.1,50,000/- onwards. 100% small, 50% of medium INS agencies accept accounts billing upto 50,000/-.

5.21.3 The budgetary cut-off limits would also be another guiding post. The reason why big agencies have higher employee billing may be
related to the fact that they accept clients with budgets more than Rs. 30,00,000/-.

5.21.4 The small and tiny NONINS agencies cannot demark such limit for want of business. All small and medium NONINS agencies accept clients who bill even less than Rs. 50,000/-. This allows us to conclude that while employing 1 to 25 employees they must achieve a target of Rs. 300 lakhs and accept clients billing below Rs. 50,000/-. The number of clients goes up and increased overheads eat out the profit margins. The agency turnover though voluminous the complex working leads to problems of less lead-time, breach of commitments, inferior quality, excess manpower for running around and totally uncoordinated departments. (Refer Table 5.21(B), Page 207).

5.22 Obstacles in agency management

5.22.1 The reason why small agencies have problems in analyzing client brief, developing advertising message, associating account planning and market research lies in the fact that they prefer any type of employees, professionally qualified or not. It becomes very difficult for agencies where employee education levels vary to co-ordinate with different departments. The salary, incentives, level of satisfaction and wage expectations gap vary with different levels of education.

5.22.2 In the NONINS sector the agencies employ people who are either undergraduates or experienced people. The professional expertise
and motivation factor are missing. This leads to dissatisfaction of the client, as a compromise practice of kickbacks, heavy entertainment expenses, sharing of commission, extended credit facilities.

5.22.3 Not having employed professionally qualified personnel the tiny agencies complain about the non-availability of creative talent. As a matter of fact the problems of clientphobia arises from lack of professional expertise which all NONINS agencies face. It is possible to upgrade the level of professionalism. But there is no training and development facility available at affordable prices for small and tiny NONINS agencies.

5.22.4 The fact that undergraduates and inexperienced people have to be absorbed indicates the improper selection procedures, bad employer-employee relationship, interpersonal communication barriers. All this directly affects the creative output and professional efficiency.

5.22.5 The per-employee billing of big agencies happens to be above Rs. 10,00,000. Correspondingly they employ only professionally qualified staff. They have training facilities with special relevance to agency functioning and areas of specialization. The refresher courses facilitate all employees to update their knowledge and improve professional skills. The highly specialiased improvement
programmes where the big agencies sponsor employees give the benefits
to the client of their latest knowledge.

5.22.7 The reason why big agencies do not accept inability to
analyze client weakness lies in the fact that they have only
professionals at work, whereas small, medium and tiny agencies whether
INS or NONINS, employ a mix of personnel. No wonder the gap between the
big and medium agencies, per-employee billing is very big. Looking at
the NONINS sector this criterion is more or less the same and results
in high overheads, lower profits, ineffective advertisements, unmana-
geable financial situations and inter-employee crisis.

5.22.7 On the media front smaller agencies face numerous problems.
Their control on media releases is less effective. They cannot raise
media bills since they do not receive either voucher copies or bills in
time. The INS agencies do not face this situation but with small
agencies overoccupied staff not able to monitor the release and raise
the bills. Big agencies have big departments which cope with all such
work effectively.

5.22.8 The finance control and cash flow analysis is a very crucial
task. The INS agencies have to strictly follow the payment schedules to
the media. As a backlash they collect from their clients well within
time. Hence INS agencies try to be successful in controlling the
credit levels. For the NONINS agencies the problems are bitter being
heavy in competition. They try to allow longer credit periods to the
client. But the client smartly extends the credit further. The agency which receives less discount looses its profitability like this. Most of them are in financial trouble as they deposit money in advance with the media and this resource constraint is prominently highlighted.

5.22.9 As if this is not enough the NONINS agencies are forced to split agency commission with the clients. Being at client's mercy the agency looses its profitability. Further the client or client's employees force the agencies to spend on entertainment resulting in financial problems.

5.22.10 An advertising entrepreneur who is small and financially weak is further weakened by banks. The NONINS agencies do not receive much financial support from different banks. The banks are reluctant to fund the releases considering the spurt of small agencies and the higher percentage of bad debts. Banking facilities like bank guarantee and bill discounting is made available but the retention amount is very high as compared with other industries.