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RECLAIMING AGENCY

HOW TO SAVE ADVERTISING
(AND CREATE A BETTER WORLD)

DigitasLBi

Nice and Serious

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(AND CREATE A BETTER WORLD)

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EXECUTIVE SUMMARY

This report is a challenge to the advertising industry – but not the challenge we thought we were going to make when we began.

At that point, the core question we were asking was, what contribution should the UK advertising industry be making to tackling the big global issues of the day like climate change, poverty and education? Some of us were asking this question as ex-admen, critical of an industry we thought we had left; others as social impact specialists, keen to leverage the industry's creative firepower to make the world better.

What we found in the course of our research was that the critical question is not so much what advertising can do for the world, as what advertising needs to do for itself, and how the world will benefit, as and when the industry rises to the challenge. This report, which began as a critique from the outside, has become a challenge from within. A challenge for the industry, agencies and each of us as individuals to develop a clear sense of purpose about the legacy we want to leave behind. We call this process the 'purpose turn'; it involves defining and embodying the positive impact you want to have in the world.

Rather than spouting a lot of hyperbole and pointing to wishful alternative end-states, in this report we wanted to uncover the strategic feasibility of the purpose turn. Given that the advertising industry is a complex, adaptive system, we've been working with political scientist Dr Orit Gal, who specialises in complexity, to understand the dynamics of change. We interviewed leading thinkers in the industry, delved deeply into its history and evolution, and analysed wider current global trends, bringing all the data together under the watchful eye of Dr Gal and her team.

Our research revealed that moving from a strategy based on moral neutrality to a strategy based on purpose will be a win-win situation for our industry and society. While moral neutrality has proved a successful position for agencies for many years, changes in the industry and the wider world are making it an increasingly ineffective strategy.

We have structured our analysis in four parts.

Advertising is an industry in turmoil. Pressure continues to mount for agencies as they fall down the strategic food chain, lose retained relationships with greater frequency and struggle to keep talent. A sense of disempowerment prevails, with industry leaders so beset by immediate problems that it is hard to see the wood for the trees. We call this situation **'Looking Down'.**

In the wider world, outside agency-land, things are changing. We are living in a period of societal change more significant than at any time in living memory. The three key elements of our world – government, business, and society – are shifting, bringing opportunities as well as dangers. By **Looking Up**, we see the macro-trends that will reward the purpose turn.

Recognising this potential then enables us to see the significance of some of the outlier experiments that are going on around the fringes of the industry. **Looking Out** with new eyes, there are a host of innovations in the sector – we call out their promise.

Finally, we come to our challenge – to the industry, the agencies, and ourselves, the individuals who work in advertising. We call this phase **Looking In**, as the opportunities that we have identified require a major shift in thinking as an industry, as agencies and as individuals.

Put together, these three elements show that the purpose turn is a strategic opportunity. In order to seize the moment, agencies need to take the bold step of reclaiming their power of agency and move from a position of moral neutrality to a clear position on the positive difference they want to make in the world.

We are at a moment in history when some of the fundamental structures of our world are in question. At such time, significant change is possible and indeed inevitable. If the advertising industry finds the will to transform its role in society, now is the time to do it.

CONTENTS

5	**INTRODUCTION**
11	**LOOKING DOWN:** THE DYNAMICS ERODING THE STRENGTH OF THE INDUSTRY
21	**LOOKING UP:** THE MACRO-TRENDS LAYING THE GROUND FOR THE PURPOSE TURN
29	**LOOKING OUT:** THE EARLY SIGNALS OF CHANGE ALREADY HAPPENING
37	**LOOKING IN:** MAKING CHANGE HAPPEN
52	**END NOTE**
53	**SUMMARY:** THE STRATEGIC CASE FOR THE PURPOSE TURN
55	**ACKNOWLEDGEMENTS**

INTRODUCTION

ON PURPOSE

The formally defined purpose of a business is conventionally thought of as one-dimensional: to maximise profits for shareholders. However, in the last decade, an increasing number of companies[1] have become aware that the health of their business is inextricably linked to the health of the world they operate in. They have moved to a 3D definition of purpose that is about having a positive impact on society and the environment, in addition to the economy. These companies believe in maximising their total value creation, contributing to society and the environment in addition to their bottom line.

We call this 'the purpose turn'. It involves (i) developing an awareness of your company's wider systemic impacts; (ii) defining the positive impact you want to have on the world; and (iii) operationalising your purpose proposition.

A glance at the top five UK clients by spend in 2014 shows that clients are already embracing the purpose turn.

TOP 5 CLIENTS BY SPEND (2014)[1]	PURPOSE (SOURCE: CORPORATE WEBSITES)
sky	We make life better by entertaining and connecting people. We are part of everyday life for millions of customers and we work hard to meet their needs and earn their trust.
P&G	We will provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come. As a result, consumers will reward us with leadership sales, profit and value creation, allowing our shareholders and the communities in which we live and work to prosper.
BT	We use the power of communications to make a better world.
Unilever	Our purpose is to make sustainable living commonplace.
TESCO	Our core purpose: We make what matters better, together.

However, the vast majority of agencies have not followed suit. They do not make statements about the difference they are trying to make in the world. Any statement they make about what they do is typically related to brands, creativity and clients.

We think that agencies are missing a trick and over the coming pages we'll explain why we think the purpose turn is good for the industry and good for society.

LEADING CREATIVE AGENCY	MISSION STATEMENT / FOUNDING PRINCIPLE / PURPOSE (SOURCE: AGENCY WEBSITES)
AMV BBDO	We were founded with the simple ambition of becoming the best communications agency in the UK.
McCANN	Our mission is to help brands discover their true story and communicate it in the most impactful way possible.
	Ideas before advertising. Ideas beyond advertising.
BBH	At the heart of the agency is our fundamental belief in the power of creativity: brilliant ideas solving real business challenges for our clients through world class work.
adam&eveDDB	We have a simple mission: to work with our client partners to make brilliant work that works.
PUBLICIS GROUPE	Our purpose is to create leading strategies and powerful ideas and allow our clients' brands to become unique, irreplacable, in control. Ideas and strategies that allow them to be the leaders they want and need to be, to Lead the Change.

LEADING MEDIA AGENCY	MISSION STATEMENT / FOUNDING PRINCIPLE / PURPOSE (SOURCE: AGENCY WEBSITES)
MEDIACOM	The Content + Connections Agency, working on behalf of our clients to leverage their brands' entire system of communications to step change their business outcomes.
	Redefining Media. Carat is leading and shaping the industry once again, using media in new ways to deliver business value to clients.
	At OMD we are dedicated to our clients' growth. It starts with our unwavering commitment to deliver sharper insights, smarter ideas and stronger results.
	We exploit the space where data, content and technology collide to create memorable experiences for people and brands.
	As the ROI agency, we succeed where clients succeed. We have a simple strategy: motivate our people, deliver great work, and delight our clients.
	We live to grow our clients' businesses by transforming behaviour through uplifting, meaningful Human Experiences.

ON AGENCY

"I feel upset at our industry for allowing ourselves to be in a position where we're at the client's beck and call, and that we're not partners in the way we used to be."

Jon Steel, WPP Group Planning Director

During the course of our research, we noticed a sense of frustration about the direction the industry is moving in from people working inside it. This is the result of the convergence of a number of trends from agencies drifting down the business food chain, moving from strategic partners to creative services suppliers; the fragmentation of brand stewardship; and the rise of procurement in defining the terms of success. Our analysis shows that taking the purpose turn will help the industry reclaim its agency as a sector, and in the wider world.

Many industry leaders we spoke to also felt a lack of agency when it comes to tackling the global problems we face.

"Now as an agency with 400 people, albeit one that works in a commercial space, the issues of sustainability are so grand that actually I do feel there's not much difference you can make."

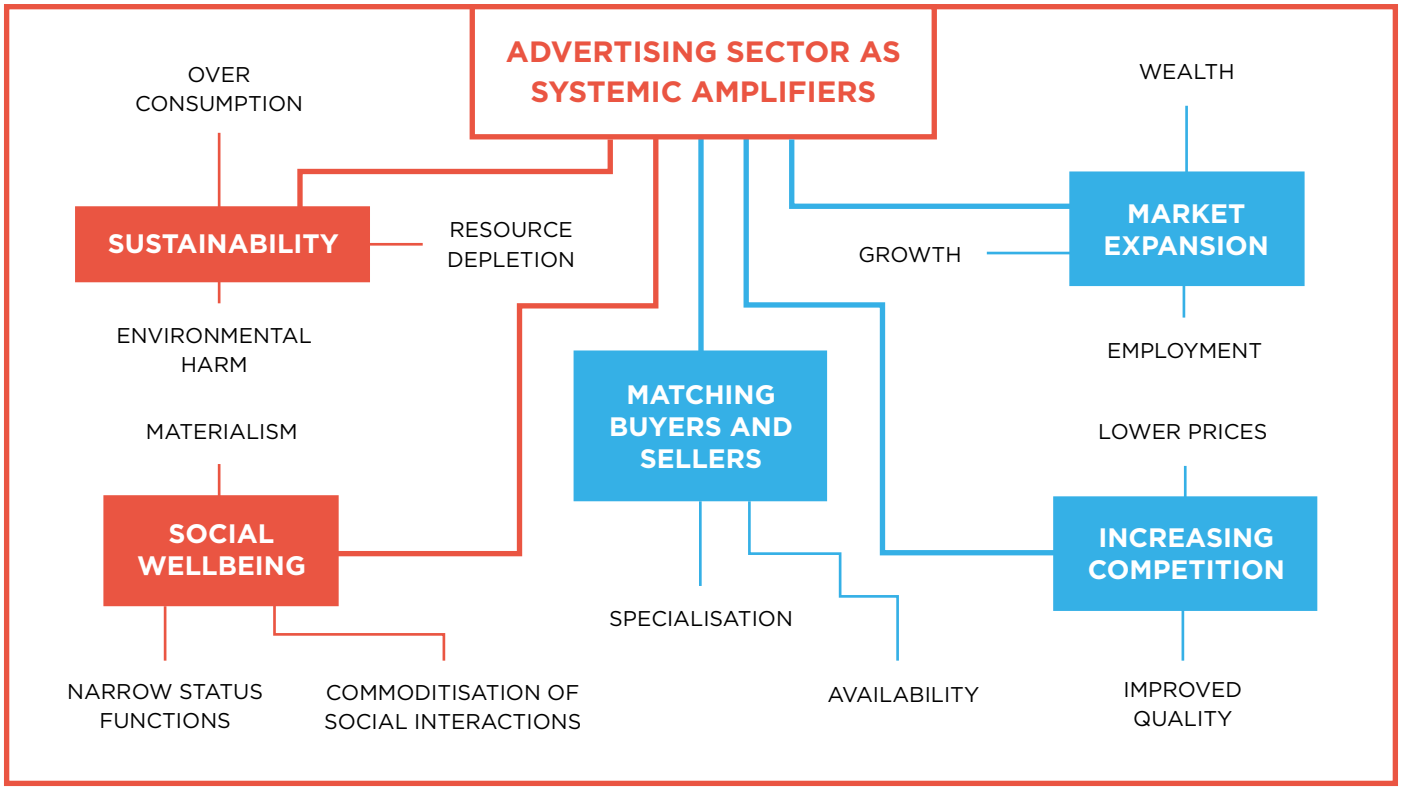
Jim Carroll, Former Chairman BBH

In reality the advertising industry has a lot more influence than it gives itself credit for and could be an enormously powerful agent for significant change.

From the perspective of complexity theory, the advertising industry can be thought of as a powerful systemic amplifier, helping to reproduce and intensify whatever cultural framework enters its projection space. Currently, advertising has a mix of positive and negative effects in our society (see figure 1). By taking the purpose turn, agencies can reduce the negative effects of the advertising industry (in red), and help produce more positive outcomes (in blue).

"We would potentially make a huge contribution to the world if we could be thought leaders with our clients. One percent of leverage with some of the bigger businesses and broadcasters is worth 100% leverage in our own right. So I think doing the right thing both means agencies becoming more responsible as businesses and (in my opinion more importantly), helping to shape an agenda for client companies and client base."

Laurence Green, Founder 101



ON MORAL NEUTRALITY

To reclaim its agency, our industry needs to make a big cultural shift. At the moment, advertising is underpinned by a strong frame of moral neutrality and, within this mind-set, agencies simply follow their clients. We are barristers rather than beacons. We 'service the client machine', rather than lead our clients.

"Unfortunately I think in our industry... we tend to follow more than we lead."

Jon Steel

"We are good at finishing conversations, but not so good at starting them."

Guy Champniss, Former Global Director, Havas

To use the language of complexity, moral neutrality has become a systemic feature of the advertising industry. It is a repeating of systemic patterns, rather than choices for which any one individual or group of individuals could be held responsible.

Historically, moral neutrality was a successful strategy as it enabled us to serve our clients well. However, our analysis shows that changes to the industry and in the wider world are making it a less and less effective strategy. Taking a complexity approach will help us understand why we need to move beyond moral neutrality .

ON COMPLEXITY (BY DR. ORIT GAL)

As we are already starting to see, the key to understanding how the advertising industry works lies in examining its systemic nature.

The advertising industry is a complex system. Complex systems shift unpredictably as new structures emerge through individual actions. Those individual actions are constrained by historic structures, but they also change systemic structures, resulting in an endless interplay between macro and micro, as illustrated by the systemic interplay diagram below.

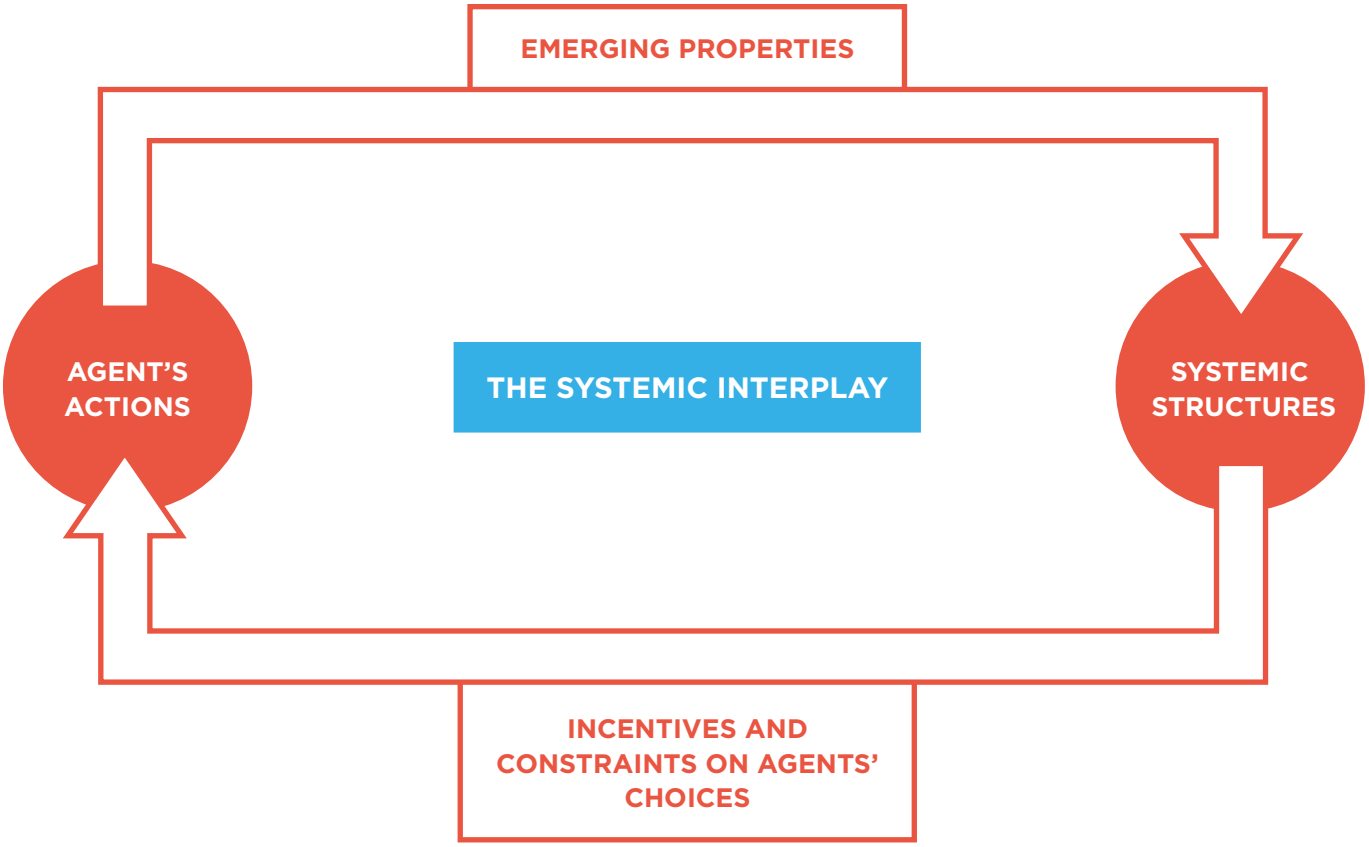
Complex systems are never designed; instead they emerge out of actions and reactions between the different players involved. Once they have emerged, these patterns become the landscape within which the different players continue to operate. Over time these behaviours become the informal 'rules of the game' so familiar to business insiders, whose continuous instinctive actions further strengthen the same recurring patterns.

The basis of the advertising industry is a vast network of individual agents including planners, creatives, brand managers and others. As these roles interact with each other, systemic structures emerge over time as dominant business models, norms and status symbols, and acceptable indicators for success.

These systemic structures are not static and do not reflect equilibrium. If they seem stable, it is because they continuously recreate themselves like a water fountain, endlessly generating similar forms.

This is how we should understand the stance of moral neutrality: as a systemic structure made up of consistently repeated acts of individual agents; but not something fundamentally static and unchangeable.

So how and why did moral neutrality arise? Given its dominance, it is safe to assume that it has been a successful strategy for the agents who adopted it. In complexity terms, we refer to successful strategies as ones that have a high level of fitness. Once proven successful, strategies are naturally emulated and reinforced by organisational habits, world views and shared expectations.



However, as advertising is a dynamic system, inevitably the fitness of moral neutrality will shift as the wider business environment evolves. This is how strategic drift occurs. A slow and gradual gap starts to develop between a winning strategy and the conditions in which it is repeatedly implemented. For a while, using the old strategy may result in success but, as time goes by, it becomes increasingly difficult to achieve the same results.

Changes to systemic structures in the industry can come both from shifting internal dynamics and from developments in the wider economic, cultural and political systems that the industry is embedded in. When these shifts reach critical mass, the system tips into a new configuration, bringing with it new business rationales. From a complexity perspective, 'tipping points' are the final manifestation of trends that have been maturing over a long period.

When it comes to moral neutrality, we have either already reached the tipping point, or we soon will. Certainly, moral neutrality no longer has a high level of fitness. As we shall see, a combination of changes from within and outside the industry have changed the strategy landscape. Abandoning our neutrality and adopting the purpose turn will help agencies flourish in this new world.

These changes to the strategic landscape are still emerging and as such are usually overlooked or attributed to temporary or unusual circumstances. When, mapped together they reveal new emerging structural tensions that over time will erode the efficacy of current business practices.

The changes are occurring on two different levels. In **Looking Down**, we look at the *industry level trends* eroding the health of advertising agencies across three key interfaces.

1. the **talent** that produces the agency's outputs
2. the **clients** employing the agency's services
3. the industry **structure**, within which the agency competes

In **Looking Up**, we move on to look at the *wider macro* social, economic, technological and political changes and trends mediated through government, business and society.

LOOKING DOWN

The dynamics that are eroding the strength of the industry

The strength of the advertising industry is being undermined on many different fronts. **Looking down** at these changes helps us to realise the strategic opportunity of the purpose turn. Here we describe three of the key dynamics that are eroding the health of the industry;

1. **The migration of talent**
2. **The changing client/ agency relationship**
3. **The shifting industry structure**

ERODING DYNAMIC 1: TALENT

Advertising is a business built on talent. As the industry loses its lustre, agencies are finding it harder to hire and keep the best talent.

Attracting and retaining talent has always been a central feature of the advertising industry. Today, the talent dynamics are changing. Young bright people are eschewing a career in advertising for options like tech companies, start-ups and social enterprises. Meanwhile, when it comes to retention, the high churn that is characteristic of the sector is creating a destabilising turbulence, while increasing numbers are leaving the industry altogether, frustrated by the culture and nature of their work.

The talent question can be broken down into three stages:

1. Attracting new talent into advertising - is advertising seen as a good career choice?

Here, the question of numbers (if not quality) has never been a problem. The bigger agencies are famously over-subscribed for their fiercely competitive Graduate Programmes.

2. Retaining talent within a particular company - am I happy at my current agency? Can I get a better job at another agency?

This is a perennial issue. Advertising is known as a high-churn sector, with agency-hopping being the norm.

3. Retaining talent within the industry - am I happy working in advertising? Can I get a better job elsewhere?

This has never been a primary concern as advertising has always had a very tight pyramid with plenty of younger people at the bottom able to move up the ranks as senior figures move on.

A number of indicators demonstrate that these talent dynamics are changing.

Factors eroding the quality of talent in the industry:

ATTRACTING NEW TALENT INTO ADVERTISING

Increasing numbers of talented young people who would have previously entered in to advertising are attracted to other options because of:

Money

From a financial point of view, the advertising industry is not as competitive as it used to be in terms of starting salaries. Nancy Hill, chief executive of the 4As (the US equivalent of the IPA), states that advertising agencies can't afford to attract the best talent anymore when

Google, Twitter and management consultancies like McKinsey and Bain are paying starting salaries 200-300 per cent higher[2].

Status

Whereas advertising was once seen as the cool place to work, there are now other more attractive options available for creative, motivated young people.

"The people we're fighting for talent aren't the professionals any more. We're competing against the techs, the start-ups, even their own start-ups – for those who aspire to be on the cover of Wired."[3]

Ben Bilboul, Group Chief Executive of Karmarama

"There's a deep sense of unease in the industry because young people are going to start-ups."[4]

Leo Rayman, Head of the IPA Strategy Group

"There was a time when all that advertising agencies had to do to find new talent was sit back and wait for the portfolios to pile up on their doorstep. But those days are gone. Lured by The New Creativity, today's entrepreneurial millennials are just as likely to see their futures in trendy tech firms or even their own start-ups as they are ad agencies."[5]

Career expectations

The appeal of other careers is driven in part by the fact that they better provide millennials with what they are looking for from work – greater autonomy; the ability to 'make stuff'; regular and frequent performance feedback; and ability to exercise entrepreneurial spirit.

Previously young people typically had to perform more 'basic' tasks as a rite of passage. Now they are finding such a prospect much less attractive:

"It's harder to tell a new starter they're going to be at the photocopier for a month. The Millennial generation don't want to do things the same way we did. They want a collection of experiences, but agencies aren't structured that way. They want to make things, have an impact, they want to change the world. And they're less likely to feel they owe their employers something."

Nancy Hill, President of the American Association of Advertising Agencies (4A's)[6]

So, if people are less attracted to the industry, are they staying in agencies when they arrive?

RETAINING STAFF WITHIN A PARTICULAR COMPANY

The issue of 'churn' has always been higher in the advertising industry compared to other sectors. This is partly because of the structure of the industry, a diverse choice of companies to work for, a culture of 'separation' (new agencies forming or clients moving), a high number of industry awards which can precipitate career-hopping as winners go on to seek higher salaries, and a heavy supply of head-hunters across the industry who both prompt moves and make moving a lot easier. This already endemic issue is becoming increasingly acute.

"(IPA President) Ian Priest's call to end a destructive industry war, in which costs have spiralled as agencies poach the best talent from each other, came as he pointed out that the churn among agency staff currently averages 30 per cent a year. This is 20 per cent more than the average across British industry as a whole."[7]

Sydney Hunsdale, a consultant and the former chief financial officer at VivaKi EMEA, warns:

"[Staff] turnover is the biggest financial drain on our business. We don't perform to the level we should because people are going out of the door. We steal from each other and have to pay more each time we do so."[8]

The cost of replacing a middle manager can be up to 150 per cent of their annual salary, while for senior managers, that figure can soar to between 200 and 400 per cent.[9] Employment costs, on average, now make up 60.3 per cent of gross income of the top 50 advertising agencies, the highest percentage ever reported in the history of Kingston Smith W1 survey.[10]

RETAINING TALENT WITHIN THE INDUSTRY

Whilst agencies are fighting amongst themselves to attract and retain the best talent, many individuals are leaving the industry altogether, pushed by internal reasons and pulled by external forces.

Internal:
There is a growing disquiet about the ability to be allowed to do quality work. In an article entitled 'Why Talented Creatives are Leaving Your Shitty Agency', Designer Murat Mutlu writes,

"Over the past few months it seems like I keep having the same conversation over and over again with friends in dozens of agencies around London, it usually starts off like this: 'Who do you think is the best agency at the moment? Is anyone doing good work?' And ends with them explaining why they are thinking of moving on.

The reasons why are always the same: 'I want to work on an actual product people want to use', 'I want to build my own thing', 'I want to explore more new technology and ideas, not gimmicks', 'we never do any interesting work', 'we only care about hitting targets', 'I don't feel like I'm learning'."[11]

External:
The appeal of the tech clients to potential graduates is mirrored in terms of mid-career migration. Take Indy Saha's move from TBWA to Google, Nick Fell's from BBH to Apple, or David Wilding's from PHD Media to Twitter.

There has always been a tendency for mid-level employees to go 'client-side', but the switch to digital brands represents a different, more troublesome issue for the advertising sector. The skills and learning they take will enhance these digital brands' ability to attract more client budget from the advertising and media agencies they have left, further undermining the agencies' ability to effectively differentiate themselves and compete.

Clients want the best, most creative people working on their business. Yet, if the industry is seen to be unable to attract the best people then clients may seek answers to their communication problems elsewhere. When Unilever's Chief Marketing & Communications Officer Keith Weed took the main stage at Cannes in 2014 he said,

"I have a genuine concern because there's never been such competition for creativity."

Weed went on to urge the industry 'to find ways to attract creatives and to attract creative ideas'.

THE DESIRE TO MAKE A POSITIVE DIFFERENCE

Cross-cutting all the issues above is an increasing desire amongst industry professionals to make a positive difference.

This reflects a broader societal trend of people jettisoning their careers to seek more meaningful work. Sites such as Escape the City with its 180,000 strong community, On Purpose, Acumen Fellows, Year Here and Careershifters all provide support and advice on how to achieve this.

The 2015 Deloitte Millennial survey found that 75% of Millennials believe businesses are too fixated on their own agendas and not focused enough on helping to improve society. Millennials want more from business than they did 50, 20, or even 10 years ago. They are asking some searching and profound questions like,

"Are businesses only interested in their own agendas? Do they behave ethically? Is their impact in line with expectations of what they could and should achieve?"[12]

This idea of questioning the ethics of advertising has been borne out in a number of conversations the authors of this report had with agency CEOs and people responsible for graduate programmes. Some said that prospective candidates are now asking them about their policy on sustainability and expecting them as leaders to have considered responses.

As Gary Stolkin from Talent Matters states,

"Your agency reputation (your 'brand') needs to be in good working order to attract the best talent. An agency's profile

is a critical thing for Generation Z. If you're not living by what you promise, and demonstrating the sorts of qualities and values that resonate with them, they're unlikely to give you a second look."[13]

ERODING DYNAMIC 2: THE CLIENT/AGENCY RELATIONSHIP

Until agencies find a way to clearly differentiate themselves, based on a compelling client need, they will continue to fall down the strategic food chain.

Agencies have always needed clients. Clients have always needed agencies. But what clients need agencies for is changing. Agencies are less influential partners than they used to be.

In the past agencies were much further up the strategic food chain. Back in the mid-1960s, when Rank Hovis McDougal asked JWT how they might make more money from flour, JWT actually invented the Mr Kipling brand.

Such days are long gone for agencies, with a general downwards trajectory from C-Suite partner, to simply executing creative work on a brand whose definition is controlled and owned by the client. The client/ agency relationship has shifted from that of a partnership to a position of buyer/ vendor.

This is particularly galling for agencies, given the rising importance of brands to companies. Apple's brand value has been priced at $118 billion.[14] While the financial contribution of brands to client companies has increased, advertising agencies have become less influential in the creation and maintenance of those brands, despite brand-building being part of their core skills.

Factors eroding the client/ agency relationship:

THE INCREASING INFLUENCE OF PROCUREMENT

Client procurement professionals are becoming increasingly involved in the relationship with agencies. Most agencies see this as negative, with procurement changing the frame of their contribution to clients to a more mechanical 'Return on Investment' procedure, defining the relationship by price, rather than by compelling and transformational creative ideas (that can be difficult to put a price on). Practically this often results in cutting fees and a shift to project-by-project payment rather than retainers.

"The industry is increasingly financially squeezed by clients. It's been happening for some time in a procurement and efficiency-led culture and I think it's significant to this debate because agencies have fewer resources to be able to commit to projects for the good of society, community and the planet, than they used to."

Jon Steel

Marketing specialist Avi Dan predicts that this trend will continue:

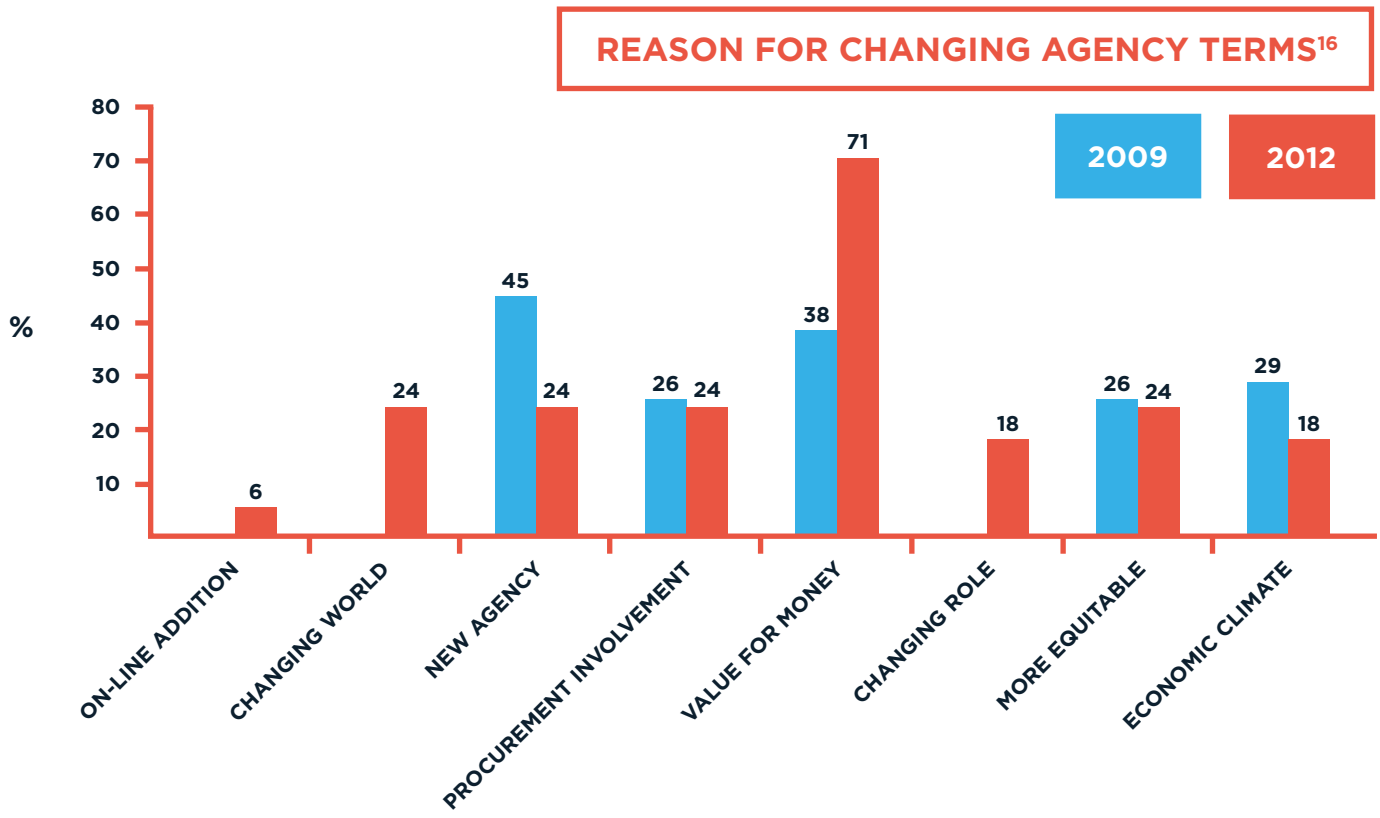
"The trajectory of compensation, from commission to fee, is now likely to evolve into another phase - performance-based remuneration with agency compensation tied to results."[15]

The key here is that the rise of procurement requires agencies to better demonstrate accountability through precise measurement of the effectiveness of their work and a clear return on investment (as illustrated in the diagram showing reasons for changing agency terms). But of course agencies and the industry as a whole have historically found it hard to find a consistent way to demonstrate the financial value of their creativity.

The growing role of procurement executives is in part a response to agencies pursuing similar strategies. According to Avi Dan,

"Agencies are pretty much the same. They have the same capabilities. They claim to have proprietary tools or processes. They have different labels for what they do, but the approach and yield is essentially the same at a holding company, global agency or small agency.

In an industry that exists on branding and selling an image, judging which agencies are



truly 'special' can be a challenge for clients. Parity always breeds differentiation based on price. It also expedites procurement's involvement in client/ agency relationships."

THE RISE OF IN-HOUSE BRANDING/ CREATIVE DEPARTMENTS

Today, JWT is unlikely to be asked to create a new brand from scratch in the same way that they did so brilliantly with Mr Kipling. In fact, the days of agencies doing the marketing (and getting paid for it) for major clients are long gone.

Not only do clients now have marketing departments, many have taken the step of developing their own brand templates in-house for use across their product and service portfolio. A classic example that typifies this is the Unilever 'Brand Key'.

With its 'Brand Key', like so many other high-spending clients, Unilever has created a pro-forma that holds the intellectual thinking around the brand. It articulates, in a single page, what the brand stands for in the competitive context and why it appeals to the target audience. Used company-wide, it ensures that the ownership of this core brand thinking (even if it has been developed by an agency) remains with Unilever.

Here, the intellectual ownership of the brand sits with the clients rather than the agency. This weakens the agency's intellectual relevance and strategic importance, which in turn weakens the relationship with the client.

Meanwhile clients from Specsavers, to Burberry, to Channel Four, to Google, to Morrisons are increasingly taking part (or all) of the creative task in-house. In 2013, the US Association of National Advertisers published a report titled: 'The Rise of the In-House Agency'. The research highlighted that the penetration of client in-house agencies increased from 42% to 58% between 2008 and 2013.[16] Moving the agency in-house, or increasing the role of an existing in-house agency, helps reduce costs – vital in tough economic climates. An in-house agency can also be more efficient, benefiting from continual updates based on immediate feedback loops, rather than via a third-party i.e. an agency.

Such trends create a lack of distinction between what agencies do and what clients are capable of (or believe they are capable of). This naturally impacts the client/ agency relationship.

“Clients don’t strongly believe we’re capable of doing things that they can’t, and they’re more inclined to view us as vendors rather than partners.”

Kevin Roddy, Chief Creative Officer at BBH, New York.[17]

DECLINING RETAINED RELATIONSHIPS

Client/Agency relationships are getting shorter and shorter, with clients becoming ever more promiscuous. The average tenure has dropped from seven years and two months in 1984 to just two years and six months today.[18]

“We live in an age of instant gratification. So we would naturally expect any business relationships to change more frequently. Meanwhile, the economic climate has put budgets under pressure and, with increasing influence of procurement, the need to make savings prompts some agency switches.

Sadly, this is even the case sometimes when the work is good. The pace of change in the media world must also contribute. First, because clients’ requirements of their agencies are changing faster than ever and also perhaps because, in our eagerness to evolve, we may occasionally be guilty of not giving enough attention to the basics.”[19]

Josh Krichefski, Chief Operating Officer, MediaCom

All this means that agencies have to pitch more to retain existing business or to win new business. Typically this is for no fee, stretching the workforce, leaving them with less time to service existing clients and less time to innovate.

The increased financial pressures on agencies means that agencies feel less able to say “no” to clients as they are desperate to retain their business. Ironically this lack of confidence or ability to enter into robust debate, further undermines their strategic value to clients.

ERODING DYNAMIC 3: INDUSTRY STRUCTURE

Structural changes to the industry are making it harder for agencies to create long-term value for clients and themselves.

The major structural changes to the advertising industry over the last 30 years can be defined by three trends:

- the rise of the holding company
- the unbundling of services
- the influence of digital

The result is a fragmentation of brand stewardship, with individual agencies finding their ability to act as strategic partners greatly diminished.

Factors eroding the stability of brand stewardship in agencies:

THE RISE OF THE HOLDING COMPANY

Consolidation in the advertising industry took off in the 1980s. Improved transportation and communications enabled the growth of large agencies with branches in different countries. Alongside this, banks were suddenly willing to finance riskier acquisitions and thriving agencies had money to spend.

In 1985 Saatchi & Saatchi's Finance Director, a certain Martin Sorrell, took a stake in UK wire shopping basket manufacturer, Wire & Plastic Products. Sorrell renamed the company the WPP Group and used it as a platform to buy other marketing service companies. The following year the Omnicom Group arrived on the scene, quickly followed by Publicis. The consolidation trend continued and by 2012, over half of all media expenditure was controlled by just 6 holding companies (Omnicom Group, Havas/Interpublic Group, WPP, Aegis Group, Publicis Group). [20]

The prominence of the holding company has led to an agency lifecycle of start-up, rapid growth, and buy-out. These often lucrative buy-outs come with a number of conditions that can alter the nature of the agency so that it meets the holding company's strict financial expectations.

This ratchets up the pressure on staff. Staff 'utilisation' rates (i.e. the percentage of their working hours billed to paying clients) rises, sometimes to beyond 100%. Training is decimated as is the possibility of any significant R&D and innovation work. As one interviewee said,

"Agencies are creative, yet they don't have R&D departments. The only space to do R&D is on pitches."

Jonathan Trimble, CEO, 18 Feet & Rising

The pressure created by holding companies creates a culture where agencies have less time to think about anything other than servicing immediate client work, which in a vicious circle, further decreases the strategic value of the agency to its clients.

UNBUNDLING

The structure of the advertising industry as a whole is intrinsically related to the structure of the media environment. The industry grew out of the need of newspaper owners to sell their space to clients. This led to the development of media agencies which bought media on behalf of advertisers.

Clients soon began to ask these agencies how best to use the media space they were buying, which led agencies to develop their creative and planning skills. This led to the dominance of the large one-stop-shop advertising agencies of the 1960s and 1970s.

From the 1980s onwards, these big integrated agencies were challenged by specialisation, splitting into direct marketing, PR, creative, production departments and media buyers. The proliferation of media channels in the 1990s and the 21st century's digital revolution rapidly accelerated this trend.

Today, agencies operate in a number of guises, some as generalists but many as specialists within channels or stages of the advertising process, such as direct marketing or brand consultancy.

Fragmentation and specialisation have also occurred internally with client accounts requiring multiple skillsets across channels, reflecting the growing complexity of media planning in an increasingly digital media landscape. These specialist skills further

encourage clients to employ several agencies to service their needs. According to the consultancy Oystercatchers the average UK client has 12 agencies.[21]

While this trend can benefit the holding company which meets different client needs through its portfolio of companies, it diminishes the strategic value of individual agencies. This makes it much simpler for clients to go directly to media owners, especially in our fast-changing digital world, where it seems like the media owners are the only ones who fully understand their own platforms.

THE INFLUENCE OF DIGITAL

The influence of digital on our industry has been immense. Clients are increasingly buying involvement by programmatic means based on algorithmic criteria, purchasing the ability to part of relevant conversations and present at possible purchase moments, rather than just buying exposure to relevant audiences. By 2017 programmatic is predicted to dominate display spend, increasing from 28% in 2013 to 68% in 2017[23].

From a financial point of view, the rise and dominance of digital is phenomenal. As Martin Sorrell stated, the future of advertising and marketing services seems to belong to "Maths Men as much as to Mad Men". This will be based, in part, on the fact that digital and interactive marketing, programmatic buying and big data now account for about $14 billion of WPP's $18 billion of revenues[24].

Whilst agencies have upskilled their work force and brought in new skill sets from outside, companies like Google, Facebook and Twitter represent competitive systems of change and are a huge threat to advertising and media agencies.

These 'born digital' companies have access to valuable datasets and insights. As a result they have, baked-in, the very thing which traditional creative and media agencies have been (relatively) poor at - as discussed above - the ability to provide precise measurement and accountability. This means they are much more attractive to hard-pressed marketing directors who need to 'prove' their work and satisfy data-hungry procurement departments.

Today, clients have the option of direct relationships with both media owners and tech solution providers, excluding the need for a media agency to be involved. An example of this can be seen with the role of demand-side platform providers who buy digital impressions for clients using complex algorithms and advanced datasets. Agencies risk losing out on potential revenue or being excluded entirely.

So, whilst digital represents a brave new dawn for many in the industry, others are very cautious about agencies pursuing such a direction:

"We've fallen in love with technology rather than technology being the slave of the idea. There's a good way of thinking about this. Technology inspires creativity, creativity challenges technology – in doing that we have lost the ability to convince people. We have confused persuasion with promotion. Our industry is about persuasion"[22]

Sir John Hegarty, Co-founder BBH

This comes back to the question, what is an agency for? And what makes a successful brand?

"If you are trying to build a brand, you should remember that brands are most successful when you create an emotional connection between the brand and the consumer. It is highly questionable, at present, whether this can be done via those digital media/platforms that are so good at being measurable... You will struggle to build an emotional connection between a brand and a consumer via a promoted ad on a smart phone."

Jonathan Trimble

Agencies will struggle to beat the digital powerhouses of Google, Facebook and Twitter on measurement and accountability. Given this, agencies should look for alternative strategies to the technology-focused approach, which enable them to deliver long-term success for their clients based on creating sustainable, meaningful, emotionally engaging brands - strategies which technology companies are unable to duplicate and win.

In short, agencies need to take the purpose turn.

If this section has revealed we are being pushed towards the purpose turn as an industry, the next reveals we are being pulled there, by wider economic, cultural and technological trends. It is time to Look up.

LOOKING UP

The macro-trends laying the ground for the purpose turn

As the last section showed, many of us in the advertising industry are **looking down**, caught in the immediate challenges facing us, and descending rapidly down the food chain of business advice as a direct result.

Looking up beyond the industry, the wider world shows real opportunity when it comes to taking the purpose turn. We are at a moment in history when some of the fundamental structures of our world are under question. The roles of government, business and society are shifting, pulled in multiple directions by a series of deep, cultural, economic and technological trends. We are living in a period of flux.

At such a time, significant change is possible and indeed inevitable. If the advertising industry wants to transform its role in society, now is the time to do it.

In this section we identify key shifts in the wider world that have the potential to enable the purpose turn in advertising. In our research we explored hundreds of emerging political, economic, cultural, and technological trends relating to social and environmental impact, and we identified some key themes:

- Technology is increasing the visibility of social and environmental issues, creating more transparency and empowering people to act collectively to effect change. It is increasingly hard to hide bad behaviour: both government and business are under increasing scrutiny and are increasingly mistrusted.

- Culturally, a growing number of individuals are looking for more meaningful lives, and a greater sense of community and belonging.

- Economically, in a challenging environment, purposeful business is on the rise with the explosion of social enterprise, the rise of the B-corps and the growth of the collaborative economy.

We clustered these emerging dynamics into three realms:

1. **Government**
2. **Business**
3. **Society**

Some of the shifts we highlight are nascent trends overshadowed by powerful counterforces. We are not painting a rose-tinted vision of the future here, but rather outlining the early signals that create an enabling environment for purposeful business. We believe that through reclaiming its own agency and adopting the purpose turn, the advertising industry can harness these trends.

GOVERNMENT

In this period of flux, the way we are governed is changing. Technology is creating new levels of transparency. As citizens we are ever more connected and increasingly have the skills and motivation to solve problems affecting us locally. We are simultaneously becoming more globalised and more localised, with more power and action moving to a local level.

PARTICIPATORY DEMOCRACY

In some parts of the world, we are starting to move away from the traditional 'vending machine'[23] model of government, where we simply pay our taxes and expect services in return, to something more like government as a bazaar, a place where communities create and exchange goods and services.

Commentators have been talking about the idea of 'Government as Platform' for years. At its core is

the notion that rather than taking executive power and making policy *for* people, the role of government becomes a platform for people to make policy *themselves*.

This idea is taking hold across the world. At the more radical end is the rise of Beppe Grillo's *Five Star* movement[24] in Italy, *Podemos* in Spain, *Partido de la Red* (the Net Party) in Argentina; while the idea of being "a new political platform, not just a new political party" is the stated ambition of the incipient *Danish Alternative Party*.

In other countries, the idea of government as platform is being carefully eased in by mainstream politicians. Iceland's *Better Reykjavik*[25] and the Finnish *Open Ministry*[26] are prime examples of elected representatives actively seeking to engage with and involve the populace in creating policies, not just reacting to them.

In the UK, Cabinet Secretary Jeremy Heywood, the most senior UK civil servant at the time, explicitly endorsed the idea of government as platform in 2014.[27] The concept of open policy making is building momentum here with political parties, local government and the third sector all experimenting.

LOCALISATION OF GOVERNMENT

While on the one hand, we seem to be on a pathway to continuing global integration; on the other, power and action are shifting to a more local level, empowering people to effect change in their immediate environment. In the UK, this is evidenced by phenomena like the 2011 Localism Act, which gives councils more freedom from central government and enables communities to take their own decisions about certain local services, the rise in power of local mayors and decentralised control over the NHS budget.

The rise of the city as a key unit of change is increasingly evident globally as well as in the UK. Take the example of climate change, where over 1,000 cities are voluntarily reporting their greenhouse gas emissions, and more than 200 have set targets to reduce their emissions. If these targets are met, the net reduction by 2050 will be well over twice the annual emissions of the US.[28]

Such is the importance of the rise of the city that the World Economic Forum's Global Agenda on the Future of Government identified it as the most positive of its three scenarios for the future of global governance[29] under the following title, "City State: a world in which authority is decentralised to the local level and pragmatism trumps idealism in addressing collective issues".

CHALLENGING GROWTH AS A KEY MEASURE OF SUCCESS

The main way our governments measure the success of our societies is through economic growth. However, the primacy of growth as the main indicator of societal achievement is coming under fire. In February 2008, French President Nicolas Sarkozy asked Nobel Prize winner and former World Bank Chief Economist Joseph Stiglitz to convene a group of leading social scientists in a Commission for the Measurement of Economic Performance and Social Progress. The unifying theme of the resulting report, published in September 2009, was that "the time is ripe for our measurement system to shift emphasis from measuring economic production to measuring people's well-being." The authors went so far as saying that in relying on current dominant measures, most notably GDP, "[the politicians] attempting to guide the economy and our societies are like pilots trying to steer a course without a reliable compass."

This has not yet translated into significant change around the world, with Bhutan's focus on Gross National Happiness still very much in the curiosity box. But although GDP remains king, there are signs of movement, from a UN conference in 2014[30] to the establishment of the Office of National Statistics National Measures of Wellbeing here in the UK.

BUSINESS

With economic growth as the paramount concern of governments in the second half of the 20th century, the rise of business followed naturally. By 2010, 42 of the world's 100 biggest economic entities were companies rather than countries.[31] Milton Friedman most effectively articulated the ethic of this era in a seminal 1970 magazine article: "The social responsibility of business is to increase its profits."[32]

Today, in this current period of flux, the assumption that purpose is profit is wavering, with the rise of purposeful business, the growth of the collaborative economy and the morality of business coming under increasing scrutiny.

SHARED VALUE

This appetite for purposeful business is apparent right at the top of mainstream business thinking. When Harvard Business School Professor Michael Porter wrote about 'Shared Value'[33] in 2011, the idea spread through the business world like wildfire. Porter says that in order to maximise profit over the long term, businesses need to create value for all stakeholders (shareholders, employees, surrounding communities etc), not just shareholders.

A growing number of businesses cite Porter as a major influence on their development of purpose-branded corporate strategies such as IKEA's *People & Planet Positive* or Sainsbury's *Living our Values*, or BT's *Better Future*.

Meanwhile businesses have come together to lobby for positive legislation on major global issues, such as the Business for Innovative Carbon and Energy Policy (BICEP), a group of high profile US businesses, including Starbucks and Nike, who explicitly departed from the US Chamber of Commerce official stance on climate change during the course of international negotiations.

THE RISE OF THE B-CORPS

In the shared-value model, the fundamental beneficiary is still the shareholder, and the nature of that benefit is still financial. It leaves corporate legal structures intact, defining the fiduciary duty of a company as to maximise shareholder return, while creating space to adopt purpose and responsibility as a means to that end.

For some, this doesn't go far enough. In the USA, the Benefit Corporation (B Corp movement) is founded on the basis that legal structures need to change in order to shift the relationship between purpose and profit more fundamentally. Certified B Corps status involves a rigorous certification process based on the articulation of a higher purpose beyond profit making. Benefit Corporations are now approved legal structures in 27 US states and 33 countries.

Below is an extract from an open letter signed by 600 B Corp owners in Delaware to the rest of the US business community on the occasion of their state's acceptance of the model:

"With Governor Jack Markell welcoming the first companies to register as Delaware benefit corporations, we celebrate a new freedom to build businesses with a higher purpose than simply maximising profit.

We are part of a growing movement of business leaders who see this as a big market opportunity, because a large and increasing number of people want to support a better way to do business - better for our workers, better for our communities, better for our environment.

Until recently, corporate law has not recognised the legitimacy of any corporate purpose, other than maximising profits. That old concept of the role of business in society is at best limiting, and at worst destructive."[34]

THE GROWTH OF SOCIAL ENTERPRISE

The last decade has seen a boom in social enterprises - businesses "with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners". Today there are 70,000 social enterprises in the UK, contributing £18.5bn to the economy and

employing almost 1m people. The Financial Times noted in 2013 that social enterprises saw an increase in turnover of 38%, compared with 29% of traditional 'for profit' SMEs.[35]

Peter Holbrook, chief executive of Social Enterprise UK states that this growth "speaks volumes about people's motivations and desire for change in the way that businesses behave and their contribution to society."[36] The importance of social enterprise as a growing force is reflected across the system, from university courses like Goldsmiths' MA in Social Entrepreneurship and Stirling University's MSc in Social Enterprise, to corporate schemes, with the 'Big 4' audit firms all launching social enterprise support programmes in the last couple of years.

THE COLLABORATIVE ECONOMY

The development of the collaborative economy is changing the way people consume, enabling people to get what they need from each other and challenging the stability of the 'business to consumer' paradigm with the new idea of 'peer to peer' selling. It is about access instead of ownership, about renting, lending and even sharing goods instead of buying them. From crowdfunding campaigns, to city bike schemes, to selling used objects online, 25 per cent of the UK population took part in the collaborative economy in 2013.[37]

The ideas behind the collaborative economy aren't new: people have built businesses around leasing goods and services for years, from laundrettes to car rentals, while informal activities like 'couch surfing' and hitchhiking have been around for generations. The difference today is that technology has revolutionised people's ability to connect and co-ordinate with each other.

Opinion is divided on the social impact of the collaborative economy. Some see it as the path to a sustainable and fulfilling general economy, while others worry that it will lead to a 'gig' economy, where skilled jobs are replaced with low–paid casual work. Either way, it is here to stay and is playing an important role in separating value from ownership, enabling people to relate to each other and the objects and services they use in new ways.

Businesses like B&Q are getting in on the act, developing a new initiative called 'Streetclub', which is an experimental shift in their business model to loaning and skills libraries, rather than megastores.

INCREASING DISTRUST OF BUSINESS

Alongside this growth in purposeful business is an increasing distrust of 'business as usual'. Edelman's 2015 annual Trust Barometer Survey showed that the UK is drifting in the "trust doldrums" as trust in government, business and media flatline and that people are "desperate for honesty and fair play".[38]

Technology is making it harder for businesses to cover up their bad behaviour, from the HSBC tax avoidance scandal, to the Libor fixing scandal, to the revelations that Tesco overstated its profits. The majority of industries surveyed by Edelman saw a decline in trust between 2014 and 2015. In March 2015, Simon Litherland, the president of ISBA and Chief Executive of Britvic called on the advertising industry to address the "all-time low" in consumer trust.[39]

SOCIETY

At the level of society, people are increasingly informed, and have greater tools at our disposal to take collective action, both globally and locally. The notion of the consumer is increasingly coming under fire as people look for meaning in their lives beyond what they buy. Technology is both increasing the visibility of social and environmental issues and enabling people to act collectively to effect change.

MINDFUL CONSUMERISM

People are changing what and how they consume as they crave more meaning in their lives, and a greater sense of community and belonging. The Havas New Consumer Report shows that we are increasingly focused on self-improvement and personal wellbeing. Some 71% of people polled said they are trying to improve who they are as individuals, while 50% are actively trying to figure out what makes them happy.[40]

Meanwhile in their hunt for greater wellbeing, growing numbers of people are trying to turn off and develop a more mindful relationship to technology. Apps like 'Freedom' have been developed to stop users accessing the internet for specified periods of time, while some people choose to take a 'digital Sabbath' avoiding technology for a day a week, and others even take a longer 'digital detox'. Boston Consulting Group's 2013 Global Consumer Sentiment Survey, showed that amongst millennials, some of the leading values which they said had become more important to them over the past two years were 'disconnecting' and 'unplugging', 'fitness', and 'simplifying'. [41]

Related to this search for wellbeing is the boom in 'the experience economy', representing a growing consumer preference for 'experiences' over things, with people increasingly opting to spend money on holidays, education, and sports instead of buying more stuff. In a recent survey, more than 3 in 4 millennials stated they would choose to spend money on a desirable experience or event, rather than buy something desirable.[42]

Finally consumers are increasingly concerned about the ethical behaviour of the brands they buy from. The 2014 Ethical Consumer Markets Report demonstrates that in 2014, 50% of the UK population chose a product or service because of a company's reputation for responsibility, while 48% avoided a product or service because of a company's poor reputation for responsibility. Despite the 'value action gap', which means that people's stated ethical consumption preferences don't always translate into purchasing decisions at the checkout, the UK's ethical market increased by 9% in 2013.[43]

CHALLENGING THE NOTION OF THE CONSUMER

Not only are people consuming more mindfully, but the very notion of the primacy of the consumer is being questioned. The consumer has increasingly defined what it means to participate in society, reflected by the prominence of the measure of 'consumer confidence' as a key indicator of the success of a nation.

Before we were consumers, we were 'subjects'; we essentially got what we were given. With the arrival of the 'consumer' came freedom of choice, the right to complain, and significant social progress. During the 1980s, consumerism became not only a vehicle for personal fulfilment, but also a way to positively impact society. In 1984, the Body Shop floated on the London Stock Exchange, bringing the idea that we can shop to save the planet; Band Aid rocked the world with Bob Geldof and friends telling us to shop to solve global poverty; and the Los Angeles Olympics, the first to be funded by commercial sponsorship, promised us that shopping could even fund global sport and culture.

Today however, the notion of the consumer as the main way in which we define ourselves is coming under fire from organisations like the New Citizenship Project whose mission is to displace the primacy of the consumer as the main role of the individual in society, and replace it with the citizen.

Alongside this critique of the status of the consumer is a resurgence in the concept of the citizen in many different parts of public life. Take the National Citizen Service (NCS), launched in 2011, that last year offered 90,000 citizenship residentials to 16 and 17 year olds; or the pioneering NHS Citizen initiative in the UK, which sees ordinary people participating directly in

shaping the priorities of the health service;[44] or the proliferation of education experiments giving children a say in the structure of the running of their schools.[45]

INCREASING COLLECTIVE ACTION

The last decade has seen a step-change in the scale of collective action. This is inseparable from the increasing visibility of social and environmental issues driven in a large part by technology. Today, if police use undue force, they are increasingly likely to be filmed by members of the public, sparking videos that go viral, bringing thousands out on the streets, resulting in powerful institutions being held to account. We can see environmental change happening as never before, thanks to applications like Google Earth's Timelapse, which uses NASA satellite images to create videos showing the melting of glaciers, the disappearance of forests, and the destruction of mountains by mining. New media platforms cut out the cultural gatekeepers with extraordinary results, like Prince EA's music video about environmental destruction which, as of May 2015, has had 55 million views.

The increasing visibility of social and environmental issues has led to people coming together to force governments and companies to act more responsibly. Campaigners have taken to shaming brands over corporate tax avoidance, targeting companies like Starbucks, Amazon and Vodafone. According to the Ethical Consumer Report, at the beginning of 2014 almost three million shoppers were actively boycotting companies over their tax avoidance policies.[46]

Media campaigns can quickly change policy. When Greenpeace targeted Lego over their partnership with oil corporation Shell, over seven million people watched the campaign video[47], and one million emailed Lego directly.[48] As a result of the campaign, Lego ended their relationship with Shell. Fossil fuel divestment, which started as small student-led campaigns targeting the investment practices of their universities, has grown into a global movement. The Guardian recently launched their 'Keep it in the Ground' campaign, with its brand-shaming approach to divestment focusing on the world's two biggest charitable funds: The Wellcome Trust and The Gates Foundation.

Throughout society, people are organising on an unprecedented scale to hold institutions to account.

We hope that by Looking Up in this chapter, we have provided a glimpse into the cultural, economic and technological trends that are not only smoothing the way for the purpose turn, but also represent examples where individuals and organisations are reclaiming their agency.

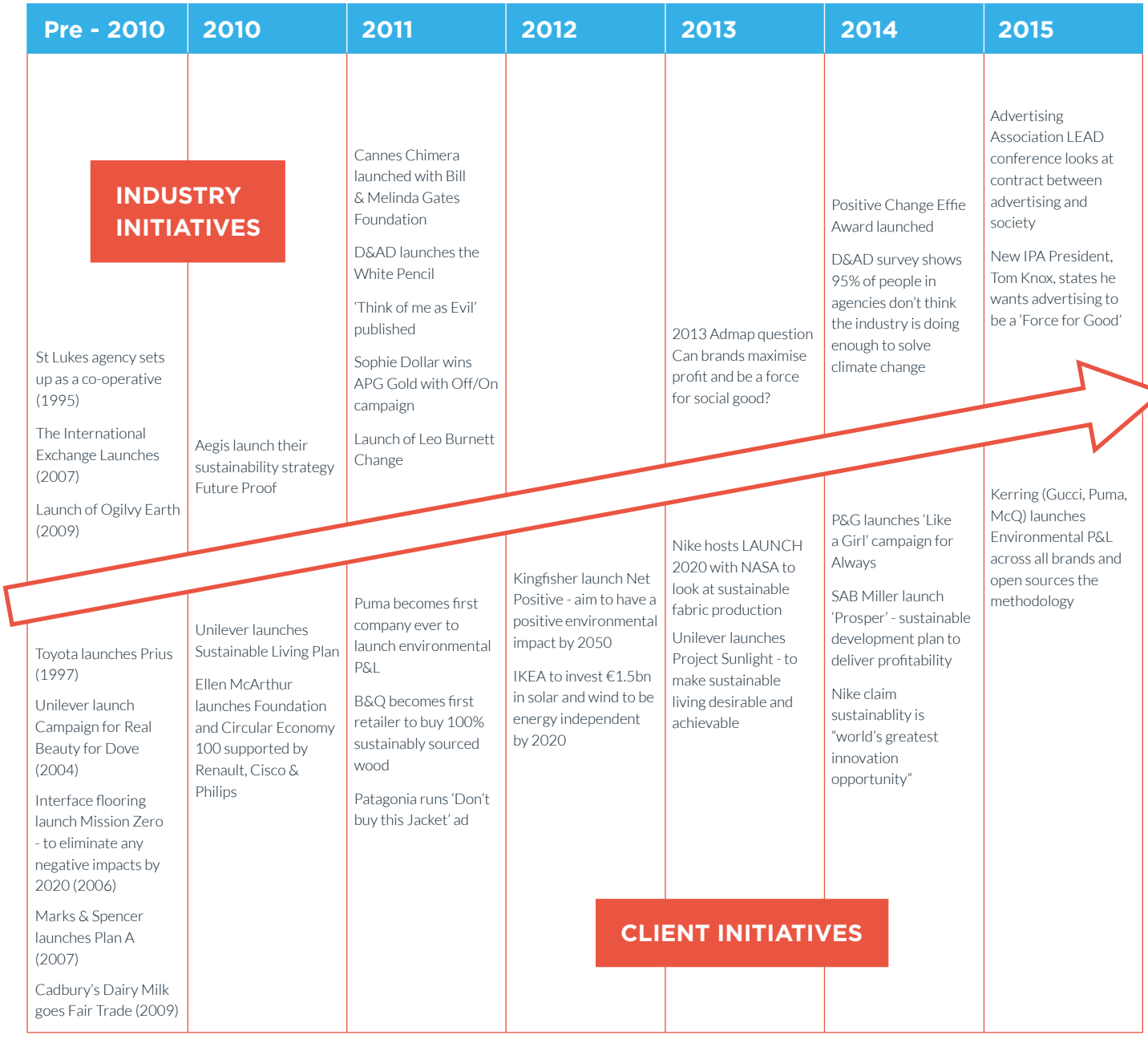
In the next section we look at the early signals of change within the advertising industry which indicate that the purpose turn has already started.

LOOKING OUT

The early signals of change already happening

In the first chapter we outlined the eroding dynamics that are pushing the advertising industry towards purpose. We then outlined trends in the wider world that provide an enabling context for agencies making the purpose turn.

There are many early signals, which show that individuals, agencies and the industry itself are already responding to these dynamics and moving in this direction. When taken together, these greenshoots show that the purpose turn is not only necessary (because of the state the industry is in), and feasible (because of wider global trends), but is actually already happening.



CHANGES UNDER WAY WITHIN AGENCIES

1. Reducing the carbon footprint of the agency
2. Selling socially good products and services
3. Setting up 'socially good' divisions
4. Leading clients to be more purposeful
5. Drawing moral lines

CHANGES UNDER WAY WITHIN THE INDUSTRY

6. Rewarding socially responsible work
7. Establishing social good specialist agencies
8. Creating opportunities for advertising professionals to do good
9. Thought leadership

WITHIN AGENCIES

1. REDUCE THE CARBON FOOTPRINT OF THE AGENCY

The first place to start for many companies seeking to decrease their negative impact on the world is to reduce their own carbon footprint. Engaging agencies in carbon, energy and water usage and improving their own attitudes to recycling can be a very creative process, as demonstrated by the brilliant OFF/ON work by Sophie Dollar that won a Gold APG Award in 2011. More recently Jo Coombes, a freelance production manager has been building a coalition of producers, production companies and agencies to develop a carbon calculator with the AdGreen initiative.

Reducing a company's carbon footprint can be an important first step in raising internal awareness of sustainability so that agencies can then seek to amplify their impact through their client work and supply networks.

2. SELL 'SOCIALLY-GOOD' PRODUCTS AND SERVICES

Given that agencies are good at creating demand for clients' products and services, obviously they can play an important role in creating demand for clients' socially positive products and services:

"We have to become better at creating demand for more sustainable products and more sustainable practices. It will be the effective communication of those things that makes all the difference.

So Unilever can produce washing powder that requires 20% of the current levels of water and work with washing machine companies to make that possible, and they can create shampoos that lather with less water and all of those things. But they're wasting their time and they're wasting their R&D money if nobody buys them - and that's our job."

Jon Steel

"I know we'll make more of a difference if we can get Sainsbury's[49] to project what they already do, and make 'doing the right thing' as a shopper 1% more important to British shoppers. If we can do that then I would put a massive tick against 'are we responsible as an organisation'?"

Laurence Green, Founding Partner, 101

"Innocent is a brand that demonstrates that companies can make money while spreading positive messages for a genuine purpose. Advertising plays a key role in orchestrating such holistic value creation. The question is, is this an exception or can we make it the beginning of the new rule?"

Laurence Green

"One of the most interesting things that advertising could do is to shift our tastes, or at least shift our comparative frame so we give a bit more consideration to joining Zip Car than buying a car, for instance."

Rory Sutherland, Vice-Chairman, Ogilvy UK

These quotes all recognise the benefits for agencies in enabling 'for profit' businesses to promote their sustainability /pro-social agenda, rather than being restricted to benefiting organisations who are inherently pro-social NGO's, charities and pro-bono accounts.

Such examples fit comfortably within the existing agency mindset of receiving a client brief – whatever that is – and working on it.

Examples of award-winning campaigns that have done good in this way are celebrated in Danish creative director Thomas Kolster's book 'Goodvertising'.

3. SET UP SOCIALLY GOOD DIVISIONS

When agencies see an emergent trend and want to test its appeal and business viability, a traditional approach is to set up a separate division in the company. The idea of being sustainable and socially good is now permeating the agency landscape, with some of the bigger companies setting up an in-house, ethically driven division. These include: Leo Burnett Change, JWT Ethos, Ogilvy Earth, Saatchi S, and BBH Creativity For Good.

Setting up a new and distinct division enables an agency to house existing pro-bono and charity clients and sends a strong signal to the market that the agency is committed to pursue more 'socially good' work. Such a strategy requires appropriate dedicated resource. From our conversations, it is clear that the level of support for these initiatives by senior management is very varied.

4. LEADING CLIENTS TO BE MORE PURPOSEFUL

(i) Via existing briefs

We would suggest that this stage is where agencies begin to apply a clear point of view to existing client briefs. Here, in conversation with their clients, agencies begin to lead clients to a more purpose-focused strategy.

"So we have a point of view that having credentials as a responsible brand in whatever way might be appropriate to your category is really important. It's obviously inappropriate commercially if we're hanging on to our point of view and the client's going 'Shut up, I'm not going to tell that story!' But I don't think it's inappropriate for an agency to have a point of view on this, or to inform its answers where appropriate with that point of view."

Laurence Green

While this approach is nascent with regards to the purpose turn, there is a history of agencies having a point of view on how they will approach a brief, exemplified by TBWA's philosophy of 'Disruption', which involves them getting their clients to challenge convention, ask better questions and overturn assumptions.

(ii) In a broader context

Agencies can also take the lead with clients from the start, and try to shift their agenda towards responsibility. This is similar to the way in which agencies located their expertise in the past. Based on strong, mutually respectful relationships, agencies are able to develop and lead clients to more creative places:

"Well I think there's scope for (and this is something I believe Ogilvy Earth and JWT Ethos have done) stimulating the desire for clients to develop better products in the first place. That requires a level of partnership between agencies and clients that isn't as common today as when I started in the business."

Jon Steel

"I think the biggest impact we can make is to help a 'doing the right thing' agenda to track higher up one or more of our client's agendas."

Laurence Green

"When you anchor your work in purpose, it has a transformative effect for both client and agency. DIG, our innovation partnership with AstraZeneca, exists to help design AZ services to go "beyond the pill" by using scientific leadership to improve outcomes for patients. It's all about how the science at AZ can impact patient's lives or the lives of healthcare professionals. This motivates the entire team – within the client and agency in a powerful new way which also has a demonstrable impact on delivering value."

Chris Clarke, Chief Creative Officer International, DigitasLBi

"We can easily talk to our clients about what kind of well-being they want to create for their customers or employees, but what we really must do is talk about the negatives and ask a client about the harm they do. Let's be explicit about that and how you can mitigate that harm. That would be a difference in our practice that we're not really doing at the moment."

Robert Jones, Head of New Thinking, Wolff Olins

5. DRAW MORAL LINES

Many agencies already have clear ethical lines and refuse to work with certain types of companies.

"We have never, and would never work for certain categories like tobacco companies or manufacturers of weapons. Then there's a whole middle category which creates huge debates internally. Our New York office did some work for a company that makes a computer war game, and there was a huge row about whether we should be [working with them]."

Robert Jones

"We've turned down many more clients than we've gone on to do pitches for, and in that filtering process we're eliminating a big chunk of the market that happens not to think the way we do. I'm not claiming this is universal, what the world wants, but there are enough people in business in the world who think that this is important for it to be a good market for us. And not just in Britain but in America and Middle East and India."

Robert Jones

WITHIN THE INDUSTRY

6. REWARD SOCIALLY RESPONSIBLE WORK

A clear way to incentivise more socially responsible work is to reward it.

D&AD launched the White Pencil in 2011, which awards excellent creative ideas with a social purpose. Since it's inception it has been awarded to companies such as Unilever, Coca-Cola and Elle magazine.

The Effie's introduced their Positive Change Award for North America and Europe in 2014, with the first awards being presented in June 2015. Created in conjunction with the World Economic Forum, the scheme seeks to close the intention-action gap when it comes to consumers making sustainable choices.

The Cannes Chimera award was created in 2011 by the Cannes Lions festival in conjunction with the Bill and Melinda Gates Foundation. Each year, the Cannes Chimera sets out an audacious challenge with up to $100,000 available for the best entries. In 2014, the brief was to generate ideas which inspire millennials to help eliminate global health and development problems for good.

As well as inspiring creative ideas, other competitions have been developed to encourage people to think more about the pro-social agenda. An example of this is the annual Admap Essay Question, which in 2013 invited responses to "Can brands maximise profits and be a force for social good?"

7. SPECIALIST SOCIAL GOOD START-UPS

Another way that change is experienced and exercised through the industry system is through the creation of a new breed of purpose driven agencies. These include:

- **Claremont** - a social communications agency who 'do the right thing right'.
- **CoSpA** - works with brands and causes to achieve greater return from social action projects through cross-sector partnerships.
- **Futerra** - a sustainability communications agency whose mission is to make sustainable development so desirable it becomes normal.
- **Given** - an agency built around the idea of brand substance which is about the need for companies to create positive change for people, communities and the wider world.
- **Good Agency** - an agency that harnesses the power of emotions, values and culture to unleash the good in people.
- **Livity** - a youth marketing agency that works alongside young people to create campaigns, content and communities that improve the lives of young people.
- **Long Run Works** - an agency that uses long run thinking to make stories that change behaviours for the better.
- **Matter&Co** - a multidisciplinary communications company that blends business excellence and social impact expertise.
- **Nice and Serious** - an ethically driven creative agency whose mission is to "make nice things to solve the serious stuff."

8. CREATE OPPORTUNITIES FOR COMMUNICATIONS PROFESSIONALS TO DO GOOD

The pent up demand amongst advertising professionals to do more good is highlighted by the growing range of projects where they are choosing to work for free.

Take initiatives like Good For Nothing where industry insiders give their time for free to participate in creative hacks for socially good projects for an evening or a weekend. Started by ex-advertising and brand professionals in London, Good For Nothing has now exploded to over 30 'chapters' on four continents.

Matt Sadler at Karmarama, working with colleagues and friends, has created a beer that generates profits for Prostate Cancer UK, currently available in Tesco, Morrisons and Ocado. Matt leads this business while holding down a full-time planning job.

Oli Beale and Alex Holder, joint executive creative directors at Anomaly London have set up a campaigning platform called Us v Them, which launched with an anti-tobacco company advert. Us v Them invites the world's creative community to help tackle major social issues.

Meanwhile, training schemes like The International Exchange (TIE) send industry professionals on international placements with NGOs, supported by the likes of WPP, BBH and W&K.

9. THOUGHT LEADERSHIP

Discussions about advertising's purpose and responsibility are increasingly prevalent. Advertising professionals are standing up and asking searching questions about the nature of the industry.

Examples include:

- St Luke's co-founder, John Grant, publishes the 'Green Marketing Manifesto' (2008).

- WWF & PIRC publish 'Think of me as Evil: Opening the ethical debates in advertising', a paper putting forward the idea that advertising may exacerbate social and environmental problems (2011).

- In 'Looking Up' one of the authors of this report, ex-planner Jonathan Wise shares the story of what happened when he began to look up. He quit his job when he realised the environmental impact of encouraging people to buy more stuff (2014).

- Matt Weatherall from Dare asks the industry to think about the ethical consequences of its actions at Creative Social, saying "We can't afford to turn a blind eye. We just don't talk about this. I think we all have a responsibility to do that" (2014).

- Chris Clarke, Chief Creative Officer at DigitasLBi asks the question, 'Is the internet making everything shit?'. This article focuses on the broader negative consequences of the dominance of the internet (2014).

- Jon Alexander, one of the contributing authors of this report and an ex-planner at AMV and Fallon speaks frequently on the effects of advertising and consumerism. Recently he encouraged us to think about the morals of advertising on Radio 4's Moral Maze and suggested we need to 'kill the consumer' on Four Thought (2014).

- IAB Chairman Richard Eyre entitles his Advertising Association LEAD conference keynote, 'The Only Way is Ethics' (2015).

- Craig Mawdsley, Joint Chief Strategy Officer at AMV BBDO, questions the limits of marketing and advertising in politics; 'Why marketing ruined the election' (2015).

All these green-shoots are early signals that show different parts of the industry are self-organising in diverse and creative ways towards more purposeful means of doing business. In the final section, we look at how we can embrace the purpose turn as an industry, as agencies and as individuals.

LOOKING IN

Making change happen

During the course of our work, we discovered that advertising is facing deep systemic challenges. Our research has shown that taking the purpose turn could counteract the dynamics eroding the strength of the industry, by:

- Attracting and keeping talent
- Helping agencies move back up the strategic food chain by differentiating themselves and providing clients with long term value
- Building trust with society
- Redefining the industry's role in the wider marketplace

The purpose turn involves:

(i) developing an awareness of your wider systemic impacts;

(ii) defining the positive impact you want to have on the world; and

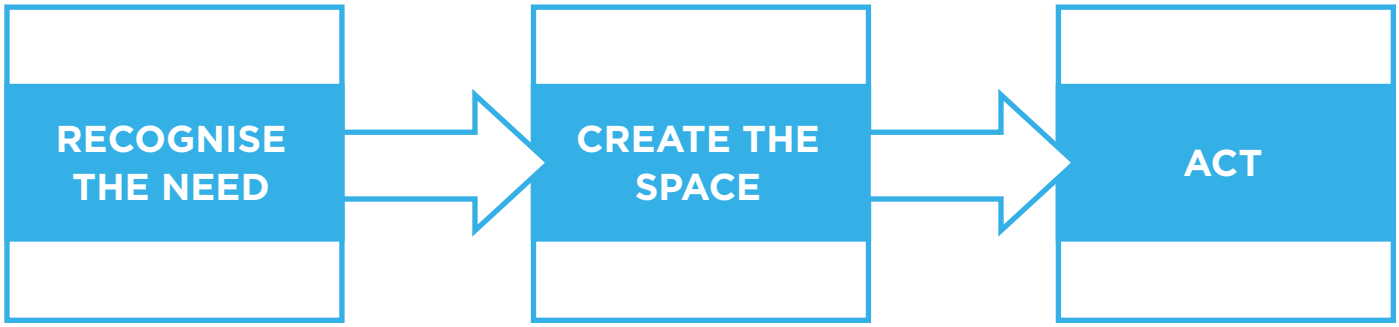
(iii) operationalising your purpose proposition.

It is clear that we are being both pushed and pulled towards a purpose turn and that many of us are already headed that way. At this stage we ask 'What next?' What can we as individuals and agencies do, to redefine the purpose of our industry?

Reclaiming agency requires us to move beyond our traditional stance of moral neutrality and to articulate a clear point of view on our values, developing a different mind-set about our role and perhaps even acquiring different skills. In some ways this is a big change, in some ways it is what we do every day when we build brands - developing a point of view for a company/ product/ service and executing it across multiple channels and touch-points.

Once we've asked and answered some meaty existential questions on an industry, agency and individual level, we can apply the processes we know well to manifest answers in our own organisations. To live what we sell.

THE RECLAIMING AGENCY MODEL



We have developed a three-part process to help us define purpose and reclaim agency.

1. Recognise the need

The first part of the process is the moment you realise that there is a problem with the status quo, whether on a personal, organisational or systemic level. You may experience a dawning realisation, or it may be a sudden epiphany. This stage of recognition involves acknowledging your own role in the problem, trying to better understand the situation, testing different perspectives and seeking out alternative opinions.

2. Create the Space

Once there is an acceptance of the problem and an acknowledgement that change needs to occur, the next stage involves creating the space to meaningfully engage with the issues raised. On an industry level, it will be the spaces for cross-sector conversations and research. On an agency level, it may be space to discuss the implications of the purpose turn for the business. On a personal level, this may be space to reflect alone, or to talk with others.

3. Act

Once you have recognised the problem and created the space to engage with it, the next stage is action. Often this means starting before you're ready, prototyping, testing, iterating, reflecting and redesigning. On a personal level, we've seen that once people connect to their personal purpose they are often compelled to act and seek ways to make positive change, both within their current work and outside of it. The opportunity at an agency and industry level is to provide the platforms and structures that will channel individuals' desires for purpose into building a more purposeful, powerful industry.

Finally, we get practical and show how we can apply this three-stage model at an industry, agency and individual level, to enable us all to reclaim our agency.

CHANGE AT AN INDUSTRY LEVEL

"It's my strong belief that advertising can be a noble profession, and what we do is fundamentally of great value and good. It's no longer good enough to say we merely reflect society – we should set ourselves a higher goal and realise a more progressive ambition."

Tom Knox, IPA President

QUESTIONS

- What is the higher purpose of our industry?
- What's the role of advertising in creating a better future for the world?
- How can taking the purpose turn increase the credibility and impact of agencies with clients and broader stakeholders?

LIVING THE ANSWERS

There are solid signs that parts of the industry are moving through the first and second stage of the Reclaiming Agency model, both recognising the need for the purpose turn and starting to create spaces to reflect, discuss and debate. As we saw in the **Looking Out** section, this is happening in D&AD's work promoting the White Pencil and at the Advertising Association's 2015 LEAD conference.

Given that making space to creatively challenge and debate is part of our culture, if there is the will, it should be easy for us to create more space to ask the meta-questions about our purpose and impact. In addition to recognising the problem and debating it, we need to create space for reflection and sense making, if we really are going to come up with meaningful solutions.

However, it's not enough to ask these meaty questions; as an industry we will need to live them. We will need to act. This will mean pan-industry collaborations with different industry bodies working together to lead towards a positive future. This is already happening in other industries:

CASE STUDY

The Sustainable Shipping Initiative (SSI) is a coalition representing ship owners and charterers, shipbuilders, engineers and service providers, banking and insurance and classification societies. It is a four-stage initiative designed to help the industry be both profitable and sustainable by 2040, and in doing so help the industry to take practical steps to tackle some of the sector's greatest opportunities and challenges.

In 2011 the SSI publically signed into action their collective 'Vision for 2040' and in September 2013, SSI launched as an independent charity and announced its first practical steps, including developing a new finance model that unlocks resources for fuel efficiency initiatives, piloting closed-loop recycling for ship-building and working with tech-providers to bring sustainable retrofit technologies closer to market

Action at an industry level, will also mean more cross-sector collaborations, like the work of the Ellen MacArthur Foundation around the Circular Economy, where she has brought together stakeholders from multiple systems to make the circular economy a reality.

CASE STUDY

The Ellen MacArthur Foundation works with global partners like Cisco, Philips, Renault, Kingfisher and Unilever to address the major challenges in accelerating the transition to a circular economy. The Foundation has created a circular economy innovation programme to enable businesses to build capabilities, address common barriers to progress and pilot circular practices in a collaborative environment.

POTENTIAL OUTPUTS AT AN INDUSTRY LEVEL

- New purpose driven cross-sector collaborations with clients
- Purpose-focused training by industry bodies for all levels and jobs to enable individuals and agencies to explore and implement their purpose
- Industry code of conduct
- Support for business model innovation
- Cross-industry innovation lab focused on purpose
- Thought leadership – debates, competitions, conferences
- Best practice advice and support for agencies to develop purpose-led offerings

INDUSTRY BENEFITS

- Lead client thinking in this area
- Build a compelling narrative about the societal benefit of the industry
- Bond the industry around a powerful, positive idea
- Enable the industry to be a beacon for British commerce as it takes the lead on new ways of doing business
- Attract and retain talent

CHANGE AT AN AGENCY LEVEL

"Commercial impact is usually measured by short-term profit and long-term growth prospects. Why not think about social value in the same way? The short term question would be: what's the well-being we can create for customers and employees? The longer term thing would be: to what extent are we increasing rather than destroying resources? You could think about it simply as micro/macro.

I think we've always been instinctively interested in the micro bit, for example, if you're doing a mobile phone business, how could that be nice for people? We're only just starting to think more about the macro, the bit that clients are explicitly asking us about. We're going back in very early days saying 'you must think about this'. And they are agreeing."

Robert Jones

QUESTIONS

- What positive difference is our agency currently making in the world?
- What legacy do we want to leave?
- How can we define our agency's purpose so it sums up the positive difference we want to make?

LIVING THE ANSWERS

Within agencies, recognising the problem and creating the space to answer these questions honestly may feel like the hardest part of this process. These questions are likely to be new for many agencies and fall outside of the current processes, hierarchies and structures, raising difficult questions like:

- Who 'owns' the questions?
- Who holds the responses to them?
- Who is willing to push for them to be asked?
- Who may potentially try and block them?
- Who will make the first move?

It may be that a small group starts self-organising within an agency, or that leadership comes from the top. Either way, the ideal is to invite as many people as possible in your agency to answer these questions, actively surface the difficult debates and come up with creative resolutions.

Here, leadership is about hosting, rather than heroism, about creating spaces for employees to agree on a common purpose. The most powerful change will come when the whole agency takes these questions on, giving everyone the chance to shape the future of the company.

However you do it, use the answers to the above questions to define and embody a positive purpose that will drive the long-term health of the agency. This process is likely to infuse all parts of the business, from relationships within the agency, to relationships with clients, to the ways agencies pitch, to the kind of work agencies produce.

To be clear, we fully recognise that at an agency level - particularly group agencies - this is not going to be easy. When both your client and your holding company are using all the significant means at their disposal to encourage you to continue selling just as you always have, a full and immediate transition is not always going to be possible. The critical point is this: you can do something. The choice is not 'change everything or change nothing', the choice is whether to explore what's possible, or not.

For example, you may not be able to persuade your client to shift its business from car manufacture to car share - but you may at least be able to get them to include such a route in research groups to start the conversation, or even to travel by ZipCar with you at your next meeting. Ultimately, our point is this: there is always something you can do.

We are already seeing the growth of start-ups and younger agencies that are purpose-led. Many of their founders have lived the Reclaiming Agency process of 'Recognise', 'Create the Space' and 'Act', where the action is the formation of a new agency.

CASE STUDY: 18 FEET & RISING

RECOGNISE THE NEED

We had been working in the world's most acclaimed creative agencies and were struck by two realities behind the scenes. Firstly, the best ideas were not getting through the internal system, let alone being exposed to clients. Secondly, we saw that great talent had fewer and fewer development options and homes in which to shine. Our ambition was to make a significant correction on both fronts. Both of these issues spoke to wider conditions of downward value erosion.

CREATE THE SPACE

Starting an agency begins by talking to lots of people who have done it or are connected to people who have. For us, it was an 18-month process. Every conversation held a small puzzle piece and, once we had a thousand pieces, we could begin to get a sense of what needed to happen and where the leaps of faith lay. Identifying co-founders was about noticing and pitching. It wasn't a thinking or CV thing - I followed the people who shared the same values and this is why, ultimately, 18 Feet & Rising has been value driven from the start.

At a certain moment it was important to get time away from the day-to-day to piece things together. This involved a trip to New York to visit agencies that were progressive, and that we admired. This space crystalised intentions that could not have happened in the swirl of our very busy lives at that point. We walked on to Bowery and a huge sign in rainbow colours was lit up at night saying 'Hell Yes!' on the side of the New Museum building. This was the trigger moment. Later we discovered it was by Ugo Rondinone and stands for optimism, openness and fearlessness. Our founding values established themselves around this first piece of myth-building, somewhere between us being open to noticing things that affirmed our own mindset and serendipity. This told us that if we were to solve the creative and talent issues, then purpose and values would have to be in place from day one. If creativity is your outcome, then your purpose has to be people. We defined this as investing in human potential or 'growing extraordinary people.' We defined the output as being 'people not ads.' Firstly, you square up to all the wider societal implications of this: business; the growth agenda; and impacts for the client. Secondly, you need to build a solid economic and commercial framework to underpin the purpose. If you treat people like an asset to the company, rather than a resource, you have accounting permission to invest, not just manage.

ACT

We've invested recklessly in people from day one. Our training and development programme was built around aligning values, potential and autonomy, rather than goals and outcomes. We as founders created a second company '18 Feet Trust', and loaned it the money to buy 30% of 18 Feet & Rising. That 30% was placed into an Employee Benefit Trust, and made the founders the Directors of both – giving them both commercial duties but also fiduciary duties to act at all times in the best interests of the employees. We invested in training to improve the human self, not skills, based around mindfulness. This meditative practice directly supports curiosity and kindness.

At the time of writing we are in the process of accepting minority investment from a PLC to create a plural ownership framework, with both access to capital and a duty to people (our assets), to create an entrepreneurial creative co-operative. Our firm hope is that this will help nurture and support people to work as effectively as possible, to produce their best ideas and to be sensitive to their contribution to wider society.

Long Run Works

CASE STUDY: LONG RUN WORKS

RECOGNISE THE NEED

There were two very specific, personal and revealing moments in quick succession that made us see the need for a more purpose-led agency. The first was sitting on an industry awards judging panel and seeing what agencies, from the big global giants to specialist boutiques, were submitting as best practice for social and environmental impact. I instantly felt that 'business as usual' wasn't going to be enough if agencies wanted to play a full role in helping deliver transformational change, and that there was a huge opportunity for agencies to be as creative and brave with their business models as they are with their ideas.

The second was during a sustainability talk at the Design Museum when we saw that the problems worth solving were not being tackled because no one currently 'owned' the brief. We looked around and saw that there were many brilliant ideas that could make the world a better place, but that agencies weren't telling these stories because they were driven by a broken business model and trapped by their need for retainers.

CREATE THE SPACE

We deliberately avoided starting up in 'agency-land' and joined a new 'fused' community in Brighton, made up of creative innovators like Brighton Fashion Week, MakerClub and Looptopia. Looking back, we benefited enormously from the diversity and freedom it gave us to explore and trade ideas.

We started to identify with the aspiration of being rebel collaborators and innovators rather than entrepreneurs in the communications industry (some of our internal motivation was stirred by Paul Levy's concept of the 'collusion of mediocrity'). From this community we learned the value of experimentation and failure, in fact one of the first things we did was run a hackathon about what an agency should look like.

ACT

Our focus is on winning new support for ideas that are turning society's 'long run' challenges into opportunities. We know that businesses of all sizes can, and will need to be a force for good, so we're interested in helping them make stories that change behaviour for the better.

To do this we have created four models. The first is the traditional client/agency model, though our approach is to create 'more with less' and have the biggest immediate impact possible, all measured by long run metrics such as jobs, happiness or CO2.

The second model is where we find an untapped gem of an idea and use our know-how and contacts to fuse it with brands that can help it scale. A good example of this is two students who use Minecraft to make games where 8-12 years olds explore redesigning their local communities, which has huge potential for changing public engagement in urban planning.

The third model we call 'make your story'. We have created a workshop-and-clinic format to help as many small good ideas tell a better story. My favourite is one we've called 'Star Wars for Start Ups' that we're running for initially 50 local businesses.

The fourth model is where we write and answer our own brief for a problem worth solving with no current owner by bringing together an innovative collaboration of partners. An example of this is SPARK, our festival of ideas to help digital innovation flourish in local education, despite spending cuts. Our first outcomes from SPARK included a crowdfunded maker space for teachers, a city-wide rewilding strategy and an innovative social enterprise to help unemployed 18 year olds.

Nice and Serious

CASE STUDY:
NICE AND SERIOUS

RECOGNISE THE NEED

It was 2006. I was sat at the back of a lecture theatre with my best mate, and now co-founder, Ben. The subject was climate change and both of us were falling asleep. The science was convincing, the impacts were potentially world-changing, yet the story was being told in a way that didn't resonate with us.

After a bit of research, we realised that most communications about environmental and ethical issues at the time were equally as dull. An abundance of melting ice caps, wet polar bear and tree saplings cupped by concerned hands, were failing to galvanise people.

It was at that point that we realised we wanted to create an agency to make serious issues interesting and relevant to people. To make them care. Because we realised that making people care is the only way to change behaviour.

CREATE THE SPACE

Having an idea about an ethical agency is one thing, but making it happen is something entirely different.

We didn't have hoards of cash behind us, so we had to keep it frugal. We started by acting as communications consultants for a few clients. This helped us get some experience under our belt and also to understand what clients were looking for. It gave us time to put our business plan together and to get all the back-end stuff in place. After about four months of freelancing, we then took the plunge and established Nice and Serious.

Awareness was the biggest challenge we faced at the time - clients simply didn't realise that specialist agencies like us existed. So we took the decision to carve out a niche in environmental film production. This gave us a narrower set of clients to target, but enabled us to build a good name. It took several years of hard work before we were then able to expand our service offering and to start working across a range of ethical issues. Most business advisors at the time thought that having such a niche would limit us, but looking back, we would have crashed and burned without specialising early on.

We also wanted to develop a team that really understood sustainability and had exceptional creative talents. This really narrowed down the talent pool, but having the mix of creative skills and passion for the cause was essential for the agency we wanted to create.

ACT

Integrity is everything for us. We only work on projects that will make the world a nicer place. We focus on helping organisations communicate their purpose, and help them show consumers their vision for doing something better, or how their product is going to make the world a nicer place. We work with a really broad range of clients; from charities, to NGOs, to international companies. While the organisations are diverse, all our clients share a similar purpose for wanting to create positive change.

In 2014 we defined our purpose: to make people care about serious issues. We found articulating our purpose immensely helpful. It gave us clarity on what projects we should work on and it helped us position and market our services with greater intent. Far from restricting our growth, it expanded our horizons. We realise that clients were choosing to work with us because of why we existed, not what we made. This enabled us to expand our service offering from just films and animations, to websites, infographics and digital campaigns. We went from a production studio,

into an ethically-driven creative agency. Our clients embraced the new services we offered, because they understood our purpose.

Our purpose does mean that we have to turn down a lot of work that falls outside our remit. On one hand it has restricted our growth, but on the other it has given our brand a more defined identity and a stronger foundation on which we can grow.

POTENTIAL OUTPUTS AT AN AGENCY LEVEL

- A clear agency statement of purpose
- Development of agency showreel to reflect the purpose
- New criteria for selecting business
- New partnerships between clients, causes and agencies
- Change in creative briefing form and other agency processes
- Development of a new business model
- Creation of an in-house lab/ skunkworks to prototype purpose approaches

AGENCY BENEFITS

- More motivated and engaged workforce
- Greater staff retention
- Differentiation from other agencies
- Appeal to growing number of clients who have taken the purpose turn, or who are seeking to explore how to be more purposeful
- A move up the strategic food chain with clients, the agency positions itself as 'Purpose Guardian' for the client's business and brand
- To become a beacon to a growing wave of talent wanting to do more good in their work

INDIVIDUALS

"Many people in the communications business instinctively fear that they have been accessories to the crimes committed by big business against our planet... Our success in stimulating demand for products and services has contributed to overconsumption, resource depletion, species decline, pollution and climate change."

Jon Steel

THE QUESTIONS

- What do I want my legacy to be?
- What are the most meaningful parts of my work?
- Where do I draw the moral line?

LIVING THE ANSWERS

At the end of the day, all of this comes down to each of us as individuals. We need to ask ourselves the meaty questions about our life's purpose and then find the space (and courage) to answer them.

When reflecting on the questions above, it might help to map your current actions and to look at what you're already doing that helps you build the positive difference you want to see in the world (e.g. which clients, which pieces of work?). Equally important, even if it may be uncomfortable, is to ask yourself what work you're currently doing that undermines the positive difference you want to make in the world (e.g. which clients, which pieces of work?).

Do some soul-searching, exploring the kind of impact you want to have on the world; identifying the things moving you towards that impact and working out how to do more of them; and how to do less of the things that are undermining your positive impact. Understanding where the 'edges' are, where you need to make trade-offs, can be some of the most uncomfortable and valuable parts of this process.

The final part of the process is to take action. It is generally best to start before you feel ready and definitely before you think you've found The Answer.

Create and commit to some first steps that will help you do more of the work that reflects your values and less of the work that undermines them. Perhaps do this with colleagues. Either way, make sure you schedule in some regular reflection time to see how you're doing and hone your strategies.

Be gentle with yourself: essentially you're prototyping a new way of working, give yourself permission to experiment and make mistakes.

More and more people in the advertising industry are embarking on this journey.

CASE STUDY: KIRSTY SADDLER

Head of Strategy, BBH London & Founder of BBH Hive

RECOGNISE THE NEED

It was 2008, I had started working at BBH New York and towards the end of the year the banks began to fail, showing the fallibility of our system as never before. That was the negative.

Simultaneously there was an increase in the growth of new models for change; social enterprises and angel investors started getting coverage, then Kickstarter launched. Unemployment numbers were rising, yet there was an appetite for positive change and lots of people boldly exploring how to make it happen. That was the positive. But, it was largely outside of the corporate world, not from within it.

I had always seen the opportunity of working from within and I also saw that positivity, difference and creativity was what was needed - things the ad industry prides itself on…

CREATE THE SPACE

First I wanted more credibility, more information and more inspiration, so I chose to do a Masters in Sustainability and Responsibility at Ashridge Business School. I formally created the space.

I connected with new people, from other sectors with radically different perspectives and experiences from mine. I continued to broaden my perspective by going to events, joining webinars and reading articles/ posts/ tweets. I made lunch dates with people based on their point of view on the world. I informally created the space.

ACT

Since returning to London in 2011, I have been talking with people within BBH, connected to BBH and to clients.

However defined, brand purpose and responsibility is a complex space, within which people have good intent in principle but have challenges extricating themselves from the system and processes that they know, to originate new strategies or significantly adapt existing strategies.

I have tried different things within the agency and with client teams - being the informer, so being armed with information and data; being the inspirer, so being armed with case studies and reference to show what is possible; and being the collaborator, so working closely (and patiently) with teams to tease out the right opportunity at the right time. It is all about trying to engage people with the idea that business can do well, while doing good.

I'm interested in creating change from within brands. So I aimed to make more change happen within BBH. Creativity for Good is an orthodoxy of growing importance in the agency and one I use a lot. It is how we experiment with our capabilities and the difference creativity can make, and how we help the agency have more positive impact as a business.

We brief interns every three months to 'Do Good Famously'. We support people to pursue passion projects and volunteer two days a year on agency time. We have KPIs in place around our social and environmental performance. And there is lots more.

But back to the question of how I acted, the answer is I tried lots of different approaches and all of them worked in some way. Working both bottom up and top down matters, and engagement from management is needed.

What also matters is patience and persistence.

CASE STUDY: MATT WEATHERALL

Ex-planner at Dare, Founder of Ruptive.

RECOGNISE THE NEED

I'd like to be able to say that my journey from 'agency employee' to 'having agency' was carefully planned and executed with precision. In reality, it was like pulling my head off my shoulders and rolling it down a hill. It started with a red pill moment. Sitting at my desk one day, I opened Chrome and asked Google 'Is advertising evil?' The good news was that the answer wasn't 'yes'. The bad news was that the answer wasn't 'no'. Suddenly, my clients' business problems paled into insignificance. And I felt like I'd found something worth fixing.

CREATE THE SPACE

I knew that I needed time and space to reflect on what I'd learnt and to think about what to do next. I decided to quit my job. The decision came easily thanks to a combination of youthful naivety and stubbornness. I was naive enough to think I would be better off going it alone and stubborn enough not to turn back when things got a little bumpy. Unemployment allowed me the time and space that I desperately needed.

ACT

Eight months later, I feel like I'm contributing to the kind of world I want my children to live in. I'm working with the IPA to help advertising be a 'force for good'. And I'm mentoring the next generation of creative talent at the School of Communication Arts. I'm also setting up a social enterprise to bridge the gap between education and the world of work called Ruptive.

I still feel like I'm rolling down a hill. But now, I've learnt how to steer.

CASE STUDY: JO COOMBES

Freelance production manager for several London production companies, including Stink, Smuggler, and Blink, on projects for brands such as VW, Kronenbourg and Waitrose.

RECOGNISE THE NEED

I'm sure, like many who've embarked on similar projects, I got to a stage where I felt that I couldn't go on ignoring what was happening around me. Working in shoot production, I was confronted with a huge amount of waste on set, and very little consideration from everyone involved (myself included) about reducing the industry's carbon footprint. Eventually I realised the only way to feel better was to try and do something about it.

CREATE THE SPACE

Being freelance I'm lucky that I often have a few days off between each job. In October 2014 I spent a week or so researching what was being done in related areas (TV, film, events), with regards to acting more sustainably. I met with various people, and put together a proposal of sorts. I took my thoughts to the APA (Advertising Producers Association) and they agreed to support me in creating an initiative to make production greener, in its simplest sense. We put together a small committee of individuals representing companies in various areas of production (studios, caterers, production staff and companies etc), and AdGreen was born.

ACT

It's a work in progress, but we are developing a checklist for production staff and companies, to be implemented at the beginning of each shoot. Throughout the process we have recognised the need to involve everyone, from the client right down to the caterer. Changing attitudes will tak

time but once people start questioning why we're printing call sheets and PPM books, and using hundreds of plastic bottles every day on set, hopefully we can start to turn the tide.

CASE STUDY: VIV SLACK

Technical Analyst at North West digital agency, Code ComputerLove. Viv also offers digital consultancy for social businesses through Objectives First.

RECOGNISE THE NEED

I have never felt entirely comfortable with selling people stuff I didn't feel they needed, but the more I travelled, read and thought about climate change and inequality, the more I started to feel in conflict. I often felt a hint of shame about what I was doing, especially when I spoke to teachers, doctors, NGOs … anyone I felt was doing something really important in the world.

Around the same time I was lucky to work on projects for Oxfam GB and Amnesty International, and I realised how much more motivated and effective I was when working towards a purpose I believed in.

CREATE THE SPACE

My first approach was to try various things out of work that I felt were more useful, and gave me something to be proud of. I did some small bits of work for local charities, and some campaigning, and even used my existing skillset to create my own fundraising platform.

I met some really inspiring people doing interesting things, and started to recognise that deep down I needed to put far more of my effort into work with purpose. When I saw a tweet about a day in London aimed at the advertising industry exploring 'How can I do more good' I just knew I had to be there.

The time to explore those feelings more deeply and hear others express similar feelings was hugely important for me. I realised that I wasn't being irrational or idealistic. I left feeling with all my heart that I wanted to follow that instinct and make some bigger changes.

ACT

I have continued to explore and find opportunities to discuss this with others, but also found the courage to be more vocal at work about my beliefs. It doesn't always make me popular, but in general, people respect the fact that I have thought about this deeply and that I have values that matter more to me than being liked. Having the support of others with the same conviction has helped me feel more brave and able to speak up.

I have since influenced our agency to turn down a major piece of work with a global energy company, based on their environmental and human rights record. I made it known I wasn't willing to work on it, and it turned out that two other senior figures also had reservations, and between us we encouraged the agency to tell the client why we were turning them down, which felt really important.

I have since spoken to the CEO about doing this in a wider context, adding some ethical values to the decision process around what work we take on. He was receptive to this and I have put together a draft proposal about how we can proactively seek new lines of business that are not just ethical but have a social purpose.

It is early days, and I'm continuing to explore, to make connections and to work out where I can be useful. I have managed to reduce my hours to 4 days a week to give me chance to explore what this means, and try other ways of using my skills and influence to do more good.

POTENTIAL OUTPUTS

- Personal statement of purpose.
- List the parts of your work that carry the most meaning for you and ideas about how to expand them.
- A team of likeminded individuals at work to collaborate with.
- A map of your values alongside their practical articulations.
- An assessment of your current clients alongside your values and purpose. You may want to find more ways of working with clients you feel are particularly aligned and limiting the work that undermines your purpose.

INDIVIDUAL BENEFITS

While we can't promise that taking the purpose turn will give you health, happiness and long life, personal experience shows that it can be transformational. Having a greater sense of purpose and feeling like you're making a positive difference to the world can have profound benefits at an individual level.

In this last section we have framed the opportunity, suggested some processes for change, given a flavour of possible outcomes and hopefully added a sprinkle of inspiration.

We are kickstarting questions rather than prescribing solutions here.

That is the next stage of this work.

We have created the Comms Lab for people in advertising to come together to do more good. We want to help people in the industry design and prototype solutions.

If you're disappointed that we haven't given you the blueprint for change, then that's great news.

Come and help us draw it.

END NOTE

We gave this report the subtitle, "How to save advertising (and create a better world)", and we meant it.

The era of business done purely for profit is coming to an end. Advertising thrived at the beginning of that era, but over recent years, our industry has fallen down the food chain, replaced at the top table of business advice by the financiers. The accountants and audit firms have become the powerhouses of business services, and the CFO has become the default advisor.

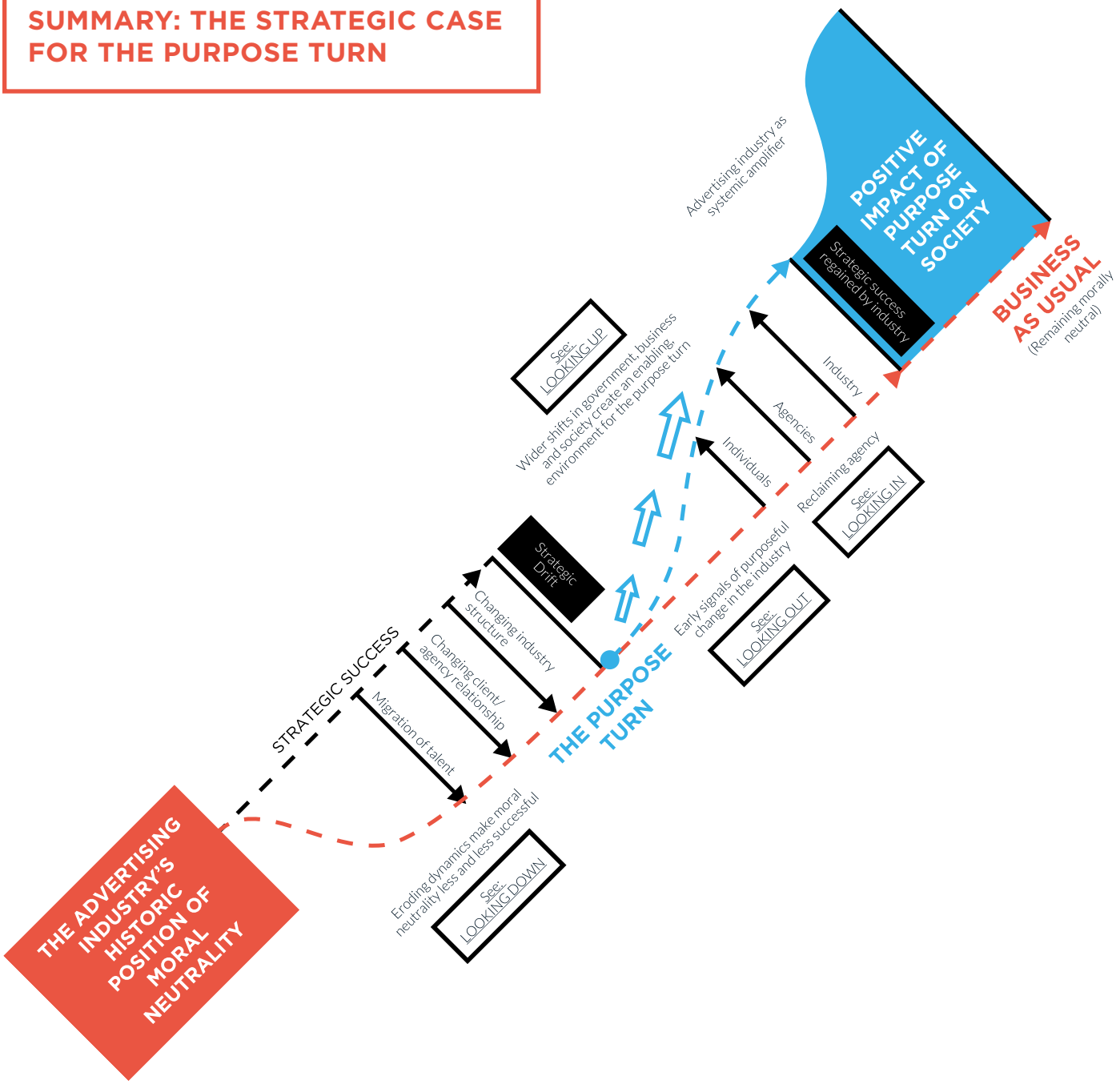
The changes we observe in this report herald nothing less than the dawning of a new era for the advertising industry - the era of purpose-driven business. This is an almighty opportunity for our sector because purpose is analogous to brand. We are better qualified than any other professional service to identify, articulate, and champion purpose.

If we take the purpose turn ourselves, there is a very real opportunity to reposition the advertising industry not just as the supplier of pretty things that sell more stuff, but also as the 'Purpose Guardian'. Just as the financial guardians, the accountants, auditors and CFOs, rose to prominence in the age of financial profit, so there is the opportunity for us to take up the mantle of Purpose Guardian and to do the same in the dawning age of purpose.

We are at a moment in history when some of the fundamental structures of our world are under question. Right now, significant change is possible and indeed inevitable. If the advertising industry wants to redefine its role in society, now is the time to do it.

It's time for us to reclaim our agency.

SUMMARY: THE STRATEGIC CASE FOR THE PURPOSE TURN



See overleaf for explanation

The advertising industry is failing to address the most pressing issues of the day, both in terms of the health of the sector and the wider health of society. As an industry we are becoming less relevant and less powerful.

Historically we have positioned ourselves as morally neutral as it enabled us to serve our clients well. Whilst this was a successful strategy in the past, there are clear signs this is no longer the case. Talent migration, the changing client/agency relationship and changing industry structures (identified in LOOKING DOWN) combined with shifts in the wider world, have all conspired to erode moral neutrality's primacy as a successful strategy. Strategic drift has occurred and will continue if not addressed.

Our research has revealed a strategic opportunity in something we've called the purpose-turn, which involves defining and embodying the positive impact you want to have on society. This strategy is more relevant to today's world as it is clearly in-step with a multitude of shifts we see across government, business and society (see LOOKING UP). Taking the purpose-turn is the natural extension of a number of green-shoots emerging across the industry (see LOOKING OUT).

The purpose-turn requires individuals, agencies and industry bodies to move from being morally neutral to reclaiming their agency (see LOOKING IN). This will not only benefit our industry, but also our world, because advertising is a systemic amplifier. The outputs produced by those who have taken the purpose-turn could have enormously positive impacts in society, helping address some of the most significant challenges of our time.

Taking the purpose-turn is a win: win for our industry and for our world.

ACKNOWLEDGEMENTS

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Next, we'd like to acknowledge Dr Orit Gal and her team at Regents University, London for designing the research project, supporting the analysis and providing academic rigor. They have helped us look at the world of advertising through new eyes. Thank you!

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Finally, our gratitude to our interviewees, for being so generous with their time and insights:

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James Best, CAP Chairman & ex-Chairman DDB

Jim Carroll, Former Chairman, BBH

Peter Dale, Founder, Rare Day

Laurence Green, Founding Partner, 101

Robert Jones, Head of New Thinking, Wolff Olins

Stephen King, Partner, The Omidyar Network

Jane Lingham, Director, BBC Brand

Farah Ramzan Golant, Chief Executive, all3media

Jon Steel, WPP Group Planning Director

Rory Sutherland, Vice-Chairman, Ogilvy UK

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ABOUT THE AUTHORS

ELLA SALTMARSHE
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Ella first became aware of the potential of the advertising industry through her work in emerging economies, advising donors and governments on funding effective advocacy. She noticed the industry was streets ahead of the social and environmental sectors she was working with. Back in 2008 Ella published a Creative Review article about the role of the Indian advertising industry in creating a sustainable future. She decided to see what she could do to help advertising maximise the contribution it makes to society.

Trained as an anthropologist, Ella is a specialist in innovation and systems change with over fifteen years experience in international development, the creative industries and social policy. She is a director of the Point People, a collective of innovators, artists and entrepreneurs focused on systemic change. She recently co-founded Systems Changers with Oxford University and co-authored a lexicon of systems change with the Said Business School & The Chartered Institute of Accountants. Ella is a co-founder of the Comms Lab.

JONATHAN WISE
@JonathanMWise

Jonathan spent fifteen years as a strategic planner in advertising agencies including JWT and Red Bee Media working on Shell, Nestle, Kraft, Diageo, Mazda, Virgin Media, uktv and the BBC. A career highlight was winning Gold at the 2008 IPA Effectiveness Awards for the launch of Dave.

Jonathan slowly began to question the impact he was having on the world via his job in advertising and in 2010 he began a Masters in Sustainability and Responsibility at Ashridge Business School. This raised yet more challenging questions about the negative impacts of advertising and his own role within it. In 2014, Jonathan published Looking Up, a book where he shares his thoughts and questions. It is described by Alain de Botton as “Inspiring” and “A fascinating provocation to the industry” by Richard Huntingdon, Chief Strategy Officer, Saatchi & Saatchi. Jonathan is a co-founder of the Comms Lab.

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JON ALEXANDER
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Jon is Director of the New Citizenship Project, an organisation he founded to bring the skills of marketing and advertising to bear on inspiring participation from people as Citizens, instead of just flogging stuff to Consumers. He started out as a planner at agencies including AMV BBDO and Fallon, worked client-side in marketing departments at Sainsbury's and the National Trust, and has become a leading voice in the constructive criticism of the role of advertising and marketing in society. His contributions to the debate include co-authoring the WWF/Common Cause report "Think of me as evil? Opening the ethical debates in advertising" in 2011, and several recent appearances on platforms including BBC Radio 3, Radio 4, and TEDx.

DR. ORIT GAL

Dr Orit Gal is a political economist specialising in the practical applications of complexity theories. Orit worked as a Project Director for the Economic Cooperation Foundation, a leading Tel-Aviv-based think/do tank, developing policy recommendations through track-two negotiations between Israelis and Palestinians; served as a Senior Researcher at the Operational Theory Research Institute, working to incorporate civilian/economic perspectives into military operational design; was an Associate Fellow at the Royal Institute of International Affairs (Chatham House); and a member of IPPR's New Era Economics panel. Currently, a Senior Lecturer for Strategy and Complexity at Regent's University London, Orit is focusing her teaching and research on developing new complexity-based frameworks for systemic change, economic development, and social entrepreneurship.

ABOUT THE COMMS LAB

The Comms Lab has been founded to help the advertising industry redefine its purpose. We are planners, strategists, social impact specialists and creatives, united by a desire to maximise the positive contribution the advertising industry makes to the world.

We want to help you define and enact your purpose *as individuals* through talks, workshops, and retreats; *as agencies* through strategic advice; and *as an industry* through creating new collaborations, training and leadership programmes. But we can't make any of this happen without you. So if this report has struck a cord, please do get in touch.

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