

THE GOODS FATHERS

In consumer durables retail, the family-owned chains have exercised tremendous control. But with the corporate-backed chains muscling in, the fight for territory could get messy

Ravi Balakrishnan Brand Equity

THE CLASH between large format retail and mom-and-pop stores is the stuff of retail cliché there are all-too-many reports and documentaries like Wal-Mart: The High Cost of Low Price that chronicle the frequently bruising impact such confrontations can have. Then there are the family-owned durable retailers in India many of whom had over 40 years to grow and thrive, and are for all intents and purposes, large format and the emerging corporate-backed chains that have grown rapidly. And are promising even speedier expansion, thus laying the foundation for a territorial battle in the days to come.

Many of the family-owned stores have been at the vanguard of the durable retail revolution in India. Viveks pioneered the New Year Sale in Chennai as far back as 1977, offering unprecedented discounts around what was a lean period of the year. According to its chairman & managing director, BA Kodandaraman Setty, the sale "is bigger than Diwali; people used to queue up to get in." It was an initiative that kickstarted a city-wide opportunity, with other categories leaping on to the

bandwagon. And though Nilesh Gupta, managing partner, Vijay Sales, downplays his company's role as an innovator, its One Day sales have generated buzz and excitement. Other stores like Vasanth & Co have offered gold coins to customers purchasing particular items, or whose bill exceeds a certain amount.

The total consumer durables and techled industry is valued at Rs 35,000 crore; all the organised players, including some of the smaller ones, contribute only a little over Rs 2,500 crore, according to industry estimates. The official line from retailers on both the family-owned and 'corporate' side of the fence is that the market has enough bandwidth to support all formats. Andrew Levermore, CEO, Hypercity, says, "I don't think anyone is losing. The growth is coming from many consumers who enter this sector for the first time. We are years away from any significant penetration which will slow sales." Vijay Sales' Gupta adds, "We no longer see the corporate firms as competitors but supporters. We had nobody to look up to, and there are best practices we can learn from them although no such thing has happened so far. On the downside, the profitability will get hit. Competitive pricing will bring down margins. But if the volumes grow, it can be compensated." However, Nabankur Gupta, consultant, Nobby, points out that corporate retail has already become a benchmark for family-run stores: "One has seen over time what they used to be when they were still small chains and what they are now."

There's plenty of fish in the sea and just about everyone is setting out in the biggest trawler they can find. Large players like Viveks and Vijay Sales are beginning to expand, and Nabankur Gupta observes, "They've moved in a systematic manner where each market leads to the next. You don't see Vijay Sales in Nagpur, for instance. They are so popular and visible in Mumbai that all markets influenced by this one will be influenced by the brand." Vijay Sales' Gupta admits, "After thinking of it for the last four or five years, we realise now that it's high time we



move not just out of Mumbai but out of Maharashtra," alluding to the chain's first store in Surat. Viveks intends establishing a strong presence through south India. Setty explains, "Wherever we go, we need volume and market share. Thirty-nine percent of the country's durable business happens in the south."

One of the major hurdles is real estate there are only so many properties that support the size these stores require. It's a situation skewed in favour of the traditional retailers for the moment; players who purchased real estate when prices were low. Nabankur Gupta says, "What's critical is the rent-to-revenue ratio. The family chains have a huge advantage as much as 15%-20% in total operations. From a fiscal point of view, these companies have a better chance at taking to new areas without too much of an impact on the bottomline." At firms like Croma and Reliance, on the other hand, these could be as high as 30%, says Nabankur Gupta, particularly in high street areas: "These are points of bleeding since they won't make money for a very long time until footfalls increase and conversions are sharper." Vijay Sales' Gupta says wryly, "Even before the big guys came in, real estate was a problem. In a city like Mumbai, locations are not available and where they are, the owners ask for the moon and get it as well." Unless real estate correction takes place, retail cannot be lucrative and it could affect big players once they realise business is no longer profitable. But a senior executive at one of the corporate-backed chains argues that owning properties is likely to be a temporary advantage: "Operating a business on rentals is different from owning property. Overheads increase considerably. A mindset change is needed for family-owned chains to sustain over a long time."

Price is an area where the corporate-backed stores have an edge. Vivek Sharma, chief marketing officer, Indian subcontinent, Philips, says "Size matters, but potential size matters as much if not more. When someone like Reliance or Next says they'll have 200 stores in the next year, it's a big incentive as there's no reason to disbelieve their ability to execute and deliver." Homegrown players like Vijay Sales argue that price can only be pushed so far before diseconomies of scale kick in. Durable manufacturers have been known to supply a chain at a loss purely because of its spread or influence. Gupta says, "The amount budgeted as a loss can only feed a certain number of pieces. Beyond that, a store can never strike a better deal, and will have to pay a more or the same price." Observers say corporate chains are already ahead on margins: between 17% to 20% as opposed to 12% to 15% for traditional stores. And some of this price advantage is passed on to customers.

Players both corporate and homegrown are struggling to find a differentiated offering. Particularly difficult since many former differentiators are table stakes now well-maintained stores and varieties of brands, for instance. Firms are eagerly looking for and investing in niches they hope will give a lasting advantage. Viveks has opted for the platform of superior service, spearheaded by Vijay Setty: "Consumer durable retailers



generally see the customer once a year or once in eight months. We found the only opportunity to stay in touch was via after-sales service." It was a differentiator suggested by the consumer; one that compensated for the store's slightly more expensive offering. In Chennai, Viveks intends being the service hub for brands, and not just act as an intermediary. "We started with just two or three authorisations and today we have the largest service centre in the country. We operate on 32 brands," says Setty. It's a plank he is very enthusiastic about, given the levels of corruption in the unorganised service sector. He says, "In the industry there's a 100% replacement of parts during an AC breakdown. My AC breakdown ratio where I put a part is only 20%. We tell the manufacturers either you are doing something wrong or we are." The service centre in Chennai consists of 275 people and Setty expects it to touch 500 by the year end. It's bringing in customers from other retailers as well. Setty admits, "It's taken very long to build the network. Companies don't want a competing brand authorisation within the same facility because they feel you might favour one over the other. We tried to tell them we are affecting not just your brand name but our own brand." Today service is an independent business unit with its own profit objectives. It's a proposition that the industry remains dubious about, with many arguing that the manufacturers won't take too kindly to such total brand-neutral ownership of the customers by the retailer. Besides, after-sales is reckoned to be a lucrative part of the business; an aspect that companies are not likely to let go off on a national basis.

Croma, on the other hand, is keen on claiming the family store positioning. Through this summer, the store has cookery demonstrations and iPod workshops, even visiting hairdressers to prove that the store is more than just men-and-their-toystore set up, says Ajit Joshi, CEO & MD, Infiniti Retail. An area



TERMINAL VELOCITY

It's a captive environment that marketers dream of a high footfall location with scant distractions frequented by the well heeled. Airports move beyond solitary duty free outlets to become hubs of communication and commerce

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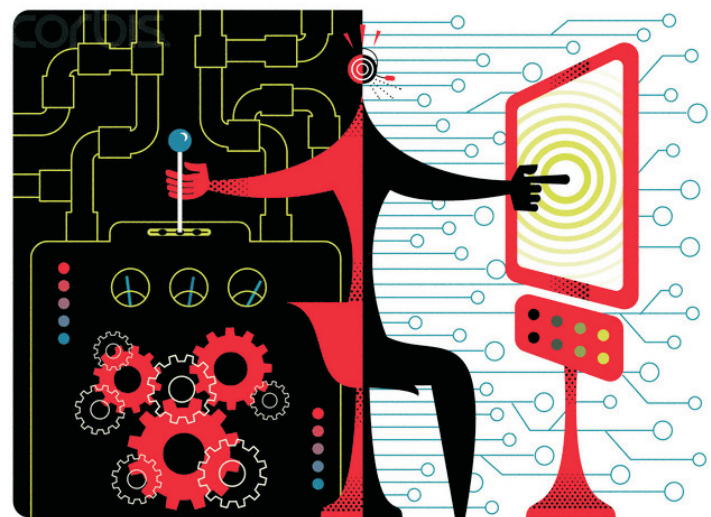
IN 2006, when the Airports Authority of India (AAI) decided to privatise the Mumbai and Delhi domestic airports, the general sense among Indian air travellers was that this was a step in the right direction: service levels would improve significantly, the airports would be better maintained, and passengers would finally have the creature comforts that one has come to expect in all good airports internationally. However, it wasn't just the average air traveler who was looking forward to the privatisation programme deep down inside, a wide array of brand marketers would have also sensed the opportunity that a well-oiled airport afforded for the advertising and marketing of brands.

A look at some basic statistics shows the inherent potential for brand marketing. According to the AAI, Mumbai airport, the country's busiest terminal, recorded traffic of 14.9 million domestic passengers between April 2006 and March 2007, signifying a 21% yearly growth. Delhi airport, on the other hand, recorded a year-on-year growth of 26% comprising 13.8 million domestic passengers between April 2006 and February 2007. And as per a 2008 IMRB International study, 71% of travellers spend one hour or more in the airport complex prior to departure, while 75% or more spend at least 30 minutes post arrival. The IMRB study also says that 42% of airline travellers frequently make purchases at stores or restaurants within the airport.

It's no wonder then that innumerable brands are steadily gravitating towards having a strong presence within the privatised airports, be it in Mumbai, Delhi, Hyderabad or Kochi. These include the likes of Shoppers Stop, HSBC Bank, Barclays Bank, Airtel, Café Coffee Day, Croma, Tata Indicom, Baskin Robbins, Hard Rock Café and Gili, to name just a handful. "So far, any last minute shopping had to be done the night before catching the flight, but now passengers have a retail option within the airport; that is very important," says V Shivkumar, CEO, Nuance Group, one of the world's leading airport retailers. Shoppers Stop, which has entered into airport retailing in association with Nuance, already has two 100-

square meter outlets in Mumbai airport, and has taken a total of 3,000 square meters of space in the Bangalore and Hyderabad airports as well.

What makes airports attractive for marketers, particularly those with high-end products to sell, is the relative affluence of the average air traveller even if one were to discount the lowcost airline clientele, derisively called 'cattle class travellers'. For instance, as per the IMRB study, 99% of airport travellers own mobile phones, 71% own credit cards, 42% own home audio systems, 41% own automobiles and 32% own diamond jewellery. So it's natural for Croma to have an 850-square foot presence in Mumbai airport, where it retails laptops, storage devices like pen drives, portable DVD recorders, MP3 players, travel accessories and cameras. Interestingly, a large number of shoppers in Croma's airport store are women who pick up hair straightners and dryers the highest selling products in that outlet. Ajit Joshi, CEO & MD, Infiniti Retail, says the outlet attracts about 300 customers per day but has the potential to have up to 35,000 customers in a week. "They need not buy anything, but the possibility to touch and feel products can influence their decision-making on big ticket items in the future.



Indirect benefits of the store are very high as the store allows them to experience the brand," says Joshi.

Café Coffee Day (CCD) is perhaps the most aggressive marketer when it comes to airports. The chain is present in nine airports including the major ones like Mumbai, Delhi, Bangalore and Hyderabad with a total of 23 outlets that exist in different formats like takeaways and lounges. The biggest CCD outlet measures 2,400 square feet and is due to open in Bangalore airport, while the smallest occupies a mere 25 square feet of space. "We aim to be present across every airport in India and want to open 10-15 cafes this year," says Bidisha Nagaraj, president marketing, CCD, adding that most outlets receive average footfalls of 1,800-2,000 per day. The chain has special menus for airports like a breakfast buffet, which is otherwise absent in CCD outlets though Nagaraj says that "coffee and sandwiches sell best." CCD also benefits immensely in terms of brand image, something that Pankaj Chaturvedi, executive director, Baskin Robbins highlights. "The airport is a very important location for us because it gives the brand a lot of visibility and works as an image-driver for Baskin Robbins," he says. The ice cream chain has two outlets in Mumbai and Delhi airports, and plans to set up five more across Hyderabad, Bangalore and Kochi by the year end. Spread over an area measuring roughly 150-200 square feet, these outlets see an average of 500 customers daily, and Chaturvedi says: "The airport outlets do about four times the business done by our high street outlets."

Even brands that are presently not in airports are evaluating the potential. VF Arvind Brands, for instance, has not taken space of its own, and is currently retailing through Shoppers Stop. But Kanchan Pant, MD, VF Arvind Brands, isn't ruling out the option of having a store. "Once we get a grip on how the business takes off, we will take further steps. Our initial brand offering may be restricted to a few lines and accessories," she says. But airports are a logical destination for fashion brands, which explains why brands like FCUK and Calvin Klein are on the verge of opening shops in Mumbai, Delhi and Bangalore airports. Oliver Kaye, business head CK & FCUK India, says, "Our success in retailing at airports in the UK and Australia has given us the confidence to venture into new airport opportunities in India. Various studies indicate that 85% of passengers want shops easily accessible from the departures lounge. Keeping that in mind, FCUK and CK stores have been centrally located and have been designed to provide an environment where the product takes centre stage." On offer would be tees, accessories, sunglasses, underwear and more.

Retailing isn't the only opportunity for marketers traditional advertising options also abound. The IMRB study cites that 75% of travellers look at advertising displays at airports, and 73% of travellers can be reached at least once during a three-month airport advertising campaign. The study also reveals that the kind of advertising likely to catch attention are back-lit displays

(up to 68%), TV (up to 56%), scrollers (up to 40%), trivisions (up to 26%) and kiosks (up to 24%). Times OOH, which has the rights to all advertising in Mumbai and Delhi airports, is upbeat. Sunder Hemrajani, MD Times Innovative Media, says: "Airports offer the opportunity for marketers to connect with the SEC A crowd as they comprise a bulk of travellers." Up for grabs is 30,000 square feet of advertising space in the form of outdoor sites, the area above the AC ducts, the area above check-in counters, lit display units, vinyl posters, scrollers and LED screens. Advertisers include HSBC, Barclays, India Post, Lodha Builders, Unitech and Emaar MGF, apart from airlines, telecom brands and beverage brands. Hemrajani points out that it's been just a year since Times OOH bought the advertising rights, but the airports are already contributing to 50% of the company's revenues.

HSBC India's brand head Lakshmi Goyal sees immense advantages in advertising in airports as there is a "good fit with the passenger profile at the airports." Apart from hoardings and banners, HSBC has also undertaken some innovative activation initiatives for its premium offering, HSBC Premier. "A Bluetooth-enabled kiosk was set up along with a mini golf course for air travellers to enjoy their free time at the airport, and at the same time receive specially designed applications, such as the foreign currency convertor, flight scheduler and branch locator through Blue-casting technology," says Goyal. Lodha Builders, which is presently advertising only in Mumbai airport, has allocated spends of Rs 1 crore per quarter. Abhishek Lodha, director, Lodha Group, points out that this investment makes financial sense as "airports fit well with our target audience of affluent middleclass". He adds that the group would also be looking at advertising in the Hyderabad airport.

If anything, advertising and retailing opportunities are set to swell. For instance, the Mumbai airport currently offers 14,000 square feet of retail space in the departure area, and 8,300 square feet in the arrival area. However, Manish Kalghatgi, general manager corporate communications, GVK, which won the bid to refurbish the Mumbai airport, points out that a lot of renovation work is still on; once completed, more retail space may well get unlocked. Kalghatgi also says that while aeronautical revenues that come from the parking and handling charges of airplanes contribute to 70% of the Mumbai airport revenues (non-aeronautical revenues comprising rents, leasing charges, and revenue sharing contribute the remaining 30%), GVK is looking at 50:50 contributions from both streams in the years to come. Currently, food & beverages (40%) and merchandised retail (57%) contribute the bulk of non-aeronautical revenues at Mumbai airport.

While most brand marketers are pleased with this spanking new opportunity they have been provided, there is scope for improvement, say some. Croma's Joshi feels the rentals are not sustainable in the long-term, but thinks it is an important place to be in. "We are present in eight cities, but the



THE CHARGE OF THE WHITE BRIGADE

What started as a trickle with the hiring of John Goodman and Bruce Matchett is becoming a steady stream. Expats are back in Indian advertising in growing numbers

N Shatrueet
Brand Equity

DAVID Blair, managing director South Asia, Fitch, admits to having been surprised when he visited the Mumbai offices of JWT, Ogilvy and Grey the first time. "Apart from Bruce (Matchett, ex-NCD at JWT), I didn't see a single expat anywhere in these three big agencies," he says. "Almost everywhere else in Asia, there's a great deal of cultural mix and a fair amount of whites in advertising." So it only stands to reason that Charles Cadell, CEO, Lowe India, found it funny that Brand Equity was doing a story on the growing number of expats in Indian advertising. "How many of us are here anyway to merit a story?" was his first question.

On the face of it, there still aren't very many expats working in the brand communication business here. But the truth is that their numbers are swelling gradually, most of it well below the Cyclops-like gaze of the local business media. Let's take Fitch, for starters the retail design and branding specialist employs some 30 people in Mumbai, seven of who are expats. These seven include Blair, who has been heading Fitch's Mumbai

studio for the last year or so, Tim Etherington, who is responsible for the creative output of the studio, and Nathan Watts, senior design director. At Lowe, Cadell has Brent Gosling, chief strategy officer, for company. In Bangalore, Australian Rod Vallis is the worldwide creative director for Lenovo Brand Services, the Ogilvy-Lenovo global communications initiative. Leo Burnett's Mumbai office hosts Anja De Landsheer, a vice-president & business unit head. Euro RSCG Delhi staffs two junior-level people from France, one in creative, the other in planning. And till not very long ago, M&C Saatchi had Andy Lock and James Woolett heading the account planning and creative disciplines for the agency's biggest client, Jet Airways. Add to this Wieden + Kennedy's (W+K) intent of staffing its Delhi office with quite a few expats, and you could say there are enough swallows around to make a patent English summer.

This is a far cry from the eighties, nineties and even the early years of this millennium, when the sight of white skin and blonde hair in Indian agencies told you someone important in the network had come in on a whistle-stop tour. The first point of inflection was Simon Hayward, executive creative director at FCB Ulka. But the tide really started turning when Ogilvy appointed John Goodman as CEO, India & South Asia. Not much later, JWT imported Matchett from Singleton O&M as its NCD.

All three Hayward, Goodman and Matchett have moved out of the country, but the number of expats are growing. And there is every indication that this will be the trend for quite a few years to come.

MG Parameswaran, executive director & CEO, Draftfcb Ulka, recounts something that happened to him recently in the US, while attending a Kellogg conference. "I had a number of people asking me what it's like working in India. I just sense that expats no longer look at India as a 'punishment posting'. They're really keen on coming here," he says. V Sunil of W+K adds that when the agency issued an internal circular announcing openings in its China office, very few staffers were interested. "But when the



circular on Indian postings went out, there was lots of interest in Wieden offices. Even the non-Wieden expats we're talking to are excited about working here," he says.

In fact, quite a few of the expats currently in India haven't really been posted or 'deputed' they've come on their own volition, some even chucking seemingly better opportunities and interests. Gosling, for instance, closed down his own six-year-old boutique research agency, Gosling Research, to join Lowe India. His clients and projects stretched across the UK, the US, Europe, Asia and Lat-Am, and included BSKYB, Burger King, Carling/Coors, ICI Dulux, Kimberly Clark, Mastercard, Masterfoods, Nestle and Unilever. "I suffer from wanderlust and I was interested in working in a big, emerging economy, so I naturally started looking at China and India. India offered better opportunities for growth and learning, so when the Lowe offer came along, I took it," he says. Ogilvy-Lenovo's Vallis who had quit O&M Sydney two years ago to write a screenplay was on the verge of starting an NGO brand when he got the offer to head creative for Lenovo. "I had offers to go to other countries, but they didn't interest me. But when Piyush (Pandey, executive chairman & NCD, Ogilvy India) called me with the offer last August, I saw it was a great chance to live and work in a country I have fallen in love with during the many visits I made in the past as regional CD for Ogilvy," says Vallis, who, incidentally, was Bruce Matchett's creative partner in O&M Sydney when Matchett got JWT's offer. "I remember telling Bruce I wish JWT had called me to India instead," he laughs. "I told him it would be challenging, but he should just go do it." And Blair, who joined Fitch London as a consultant to founder Rodney Fitch three years ago, opted for an India posting despite a potential opportunity of moving to New York.

It doesn't take much imagination fathoming the expat's fascination with India. There's the growth story, for one. Lowe's Cadell, who has spent a lot of time in China and South East Asia, was on the verge of signing up with an agency network as president when he got the India offer from Lowe Worldwide CEO Steve Gatfield. "He called out of the blue, and I immediately said yes," says Cadell. "The network I was about to join also had an India-China angle, but I had no India experience. India is growing fast, and the development status presents a huge opportunity. There is no place on the planet today that provides as much opportunity to make a difference to the business. India is on a cusp of a revolution, and it gives you the leeway to do things that agencies elsewhere would fear doing." Many expats look at India as a Petri dish for experimenting and learning. "Here you get to work on start-up projects that demand time and attention from scratch. It's something you'd never get in mature markets," says Blair. Vallis senses that clients in India are more open to new and fresh ideas. "In developed markets, clients are getting more conservative. Here you are free to try out new things," he says. Brent, for his part, adds: "India offers the entire spectrum, from very smart and savvy consumers to those who're at the starting point of the consumption curve. How many

markets can offer this range?"

But India can also offer expats a wide range of nightmares. Etherington, who moved from Madrid to join Fitch Columbus in 2006, agreed to an India posting within a year of shifting to the US but not without some hesitation. "Partly because I had just uprooted and gone to the US; partly because I was unsure of the infrastructure available in Mumbai," he says. Etherington has lived in emerging markets like Turkey, so he understands the typical problems, yet he finds it hard to reconcile on the kind of adjustments that need to be made in terms of quality of craftsmanship and the ability to stick to deadlines. "There is a great disparity between what the top management wants in India and what the labour that can deliver in quality, skill and deadlines. But I am learning to be more flexible," he says. Parameswaran says that coming to terms with cultural quirks is particularly hard. "Our idea of time flexibility beats them. They can't understand why a deadline can't be met. Similarly, power distance where the junior-most guy can call the senior-most guy by his first name is huge in India, though not so much in advertising. Also, they find it hard when clients here ask for options. They think the job of a specialist is to provide only one option: the best option. Clients here won't buy that."

What's also hard on expats, particularly in a city like Mumbai, is running a household. "Finding property here is a major hurdle," says Etherington, something that even Gosling seconds: "This place is more expensive than London." In fact, Cadell believes property cost is the one factor that still makes it prohibitive for Indian agencies to hire expats (See Box: Import Costs). But Cadell also thinks there has to be a way of "minimising the shock" for families when expats come to developing markets. "The guy you've hired is fine; he is in the middle of it all, learning. But the wife plays a massive part. If she isn't happy, the deal fails. I think the local management misses the family angle in all countries, but it is more true of India." In fact, it is said that Woollett's stint at M&C Saatchi was less than comfortable as he had problems acclimatising to the country.

Yet, everyone who's here thinks these aren't insurmountable problems, especially given the professional opportunities available. "I'll hear more and more people wanting to come to India; I think it's good. The vibe of the country is fantastic," says Vallis. Etherington believes that though cultural adjustments need to be made, India's biggest edge is its ability to speak in English. "That makes it so much easier than other developing markets," he says. He also feels expats who have opted for India are a different breed as they have taken a chance to work here: "They have an optimistic approach to India and that'll keep them going. I would encourage people to come here as the advantages outweigh the disadvantages."

Makes immense sense, particularly when India has also started looking good on the CV.



HISSA KURSI KA

Historically, business managers have headed Indian ad agencies with creative heads playing second fiddle. But with creatives assuming positions of absolute power, are senior suits comfortable in the supporting role?

N Shatrujeet, Prasad Sangameshwaran & Ashley Coutinho
Brand Equity

MATHEMATICIANS would have us believe that everything can be broken down to simple, incommutable self-explanatory algebraic equations. But with human motivations and behaviour, drawing a direct cause-and-effect correlation is anything but easy. Still, on occasion, it doesn't take much imagination to connect some dots and see a pattern emerge.

Take some of the very recent top-level resignations in the Indian ad industry, as examples. The three biggest movements were those of Pratap Bose (who quit as CEO of Ogilvy India to join Mudra), Lowe's Pranesh Misra (who resigned as global director marketing accountability to start his own venture) and Ashish Bhasin (who quit as head of Lintas IMAG and joined Aegis Media as India Chairman & CEO, South East Asia). Stepping back in time a bit, another very senior-level departure was that of McCann Erickson India's Santosh Desai. One common factor in these resignations is that in each and every case, those who quit were extremely seasoned hands in their respective agencies. Second, all were broadly from a business management/client management background. And in all four instances, the mantle of agency leadership rested on or was on the verge of being handed to a professional from the creative discipline. Namely, Piyush Pandey, R Balakrishnan aka Balki and Prasoon Joshi.



The point here is that with the possible exception of Ashish Bhasin who was anyway reporting directly to Lowe Worldwide's CEO Steve Gatfield those who quit were business managers who, for all practical purposes, were the Number Twos to creative leaders. The dynamic of creative people heading agencies is fairly new to India. Alyque Padamsee heading Lintas, Mohammed Khan running Enterprise and Kersey Katrak leading MCM being the only exceptions in the past. (And remember, Enterprise and MCM were Khan and Katrak's startups, and Khan shared a fairly turbulent relationship with his business partner, Rajiv Agarwal.) Historically, agencies in India have been run by business managers, while top creative professionals were content playing second fiddle. However, when the boot goes on the other foot, how comfortable are suits playing the role of the No 2? As one senior industry executive puts it: "Did the exit of Pranesh Misra happen because of Balki's elevation to the post of chairman? And why has O&M seen two CEOs in a short stint under Piyush Pandey?"

There is hardly any doubt left that in the creative agency business, the centre of gravity has shifted away from account management/client servicing to creatives, what with clients interfacing directly with creatives instead of dealing through intermediaries. The rise of the creative agency head is a natural by-product of this environment. Says Prasoon Joshi, executive chairman, McCann India: "For many creative professionals, taking on additional administrative responsibilities isn't alien anymore as they are already hands-on in key aspects. Some choose to let it officially get acknowledged." Ogilvy India's executive chairman Pandey looks at it as a win-win situation for agencies as "the leadership options have increased manifold instead of stemming from just one part of the office."

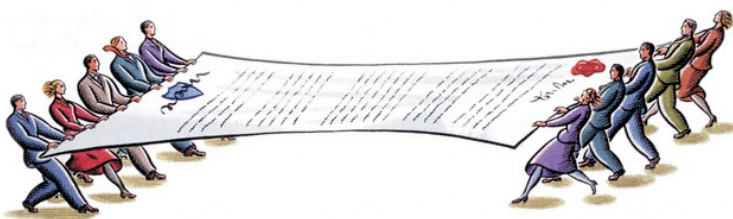
Pandey also explains that the rise of creative leadership is a function of creative people increasingly moulding and sharpening the agency's point of view. "Creatives have started driving agency brand philosophies," he says. Some, in fact, believe account management has unwittingly ceded authority to creative. "Increasingly, account management guys are not seen as providing value; their involvement in building a brand is just ceremonial, so their role has become rudimentary, while client servicing guys are just involved in managing relationships," says Santosh Desai, CEO of Future Brands. And following the unbundling of functions like media, direct marketing and, in some cases, even strategic planning, all the agency is left with today is the creative product which also tilts the balance of

power away from the suits.

Knowing that the influence they once exerted is on the wane is one thing. Accepting this and settling for a No 2 role is another particularly when tradition has almost imparted business managers with a 'divine right' to rule. "Ninety percent agencies are still led by business heads, the traditional format. People used to this format will find it difficult to re-adapt to their new roles," says Josy Paul, chairman & NCD, BBDO India. Desai agrees with Paul, saying, "When people have worked for as much as 20 years thinking they'll be heading the agency some day, and then the whole equations changes, it might be difficult to accept the change." Incidentally, BBDO India has also been hunting for a No 2 to Paul for quite a while now. Paul insists that the agency has a few people in mind, and had "shortlisted a few" for the post. "We have decided to slow it down for business reasons," he adds, when pressed to explain the delay in finding a CEO. Pandey, for his part, admits that some of the frustration and disappointment among business managers stems from the perception that leaders can come only from one discipline. "Year after year that's what happened, so it was taken for granted," he says, adding that this should serve as a caution even to creatives who start believing that "being creative is a stamp to agency leadership".

Industry veterans point out that Alyque Padamsee won a remarkably high degree of acceptability as head of Lintas, even though the agency was studded with stalwarts like Prem Mehta, Stanley Pinto and Bagu Ochane. "But there was no question of anybody resenting the decision of the big boss," says one old-timer. Ashish Bhasin points out that while "the scope for conflict is always there", ultimately it boils down to the people-handling skills of the leader. This is where many of those from the business management side of the street are wary of creative leaders and their ability to be entirely impartial.

One agency head from account management, incidentally recently observed: "Some senior creative professionals are entirely dismissive of account management people and even strategic planners. Everyone knows how planners quit in droves once one agency appointed a creative guy as its head because they knew his ill-concealed opinion of planning" As Bhasin puts it, "It's completely immature. Every senior manager will know that it's a team game." Pandey agrees that there is no scope for discrimination between disciplines, and adds that there is no room for any trepidation either "Ogilvy cannot be run by 1,000 creative people, however talented they may be. And just because a batsman has been named captain, bowlers don't need to feel insecure. Someone has to bowl the other team out, and it's not going to be the batsman, for sure," he says.



The bigger question, however, is whether 'creative business managers' can make good enough leaders. For one, there's a feeling that this could be a kiss of death for the agency as the creative honcho's time and energy is spent running the business time and energy that would serve the agency better were it employed in delivering a superior product. "If a creative person wastes time on administrative tasks and looks after balance sheets, I feel it's a waste of talent," says Bhasin. "A great example of someone who managed the business side and kept an eye on the creative product as well was Alyque. But individuals like him are rare. I cannot think of anyone else like him." Desai, however, feels running an agency isn't all that hard, especially if the creative head has the backing of a good CFO. "As long as the creative guy doesn't start yawning when he hears of numbers, he can manage the show," he says, although he concedes that agencies have not trained creative people to take over as leaders. "So there is a gap."

Predictably enough, those with business management skills aren't convinced about creatives making the transition easily. Pratap Bose is one of them. "Creative people are not necessarily the best heads because you need a 360-degree understanding of the business. Someone who is a jack-of-alltrades is better suited for the role, and creative people are more often than not are masters of one," he says. In Bose's opinion, agency heads need to be adept to and willing to change in the context of the digitisation of the world, the emergence of the retail and non-traditional advertising space, and chasing strategic M&A opportunities. "If a creative person has all of these capabilities, fine... because advertising now is not just about winning new accounts," he says. Another suit, who wishes to stay anonymous, wonders whether creatives have the passion to build business. "Will they grow, acquire, enter into alliances and think differently. Even Sir Martin Sorrell expects two-thirds of his business to come from non-advertising revenues. Do creative CEOs have it in them to make that happen?"

Arvind Sharma, chairman, India sub-continent, Leo Burnett, believes that the agency head's role is getting increasingly challenging it's that of an integrator, as there is an ever increasing diversity in the ad business, he says. "CEOs should be entrepreneurs who build business from scratch or through acquisitions. It's not a surprise that in the global scenario, most of the boutiques have sold to suits. The TBWA-Omnicom and BBH-Publicis deals are cases in point," Sharma points out. "Even if it's a creative person, he needs to have that width of vision to orchestrate the right things. The role of CEOs is not just to sit and review the state of P&Ls. If that's the case, it's a lost cause." Pandey, for his part, thinks today's creatives are well up to the task. "Today's creative people are coming from the management institutes and the engineering colleges; credit them with some intelligence. They're not the wild-eyed guys with ponytails smoking a joint and writing copy in some corner. They have the exposure and the confidence," he says.

Some also believe this isn't as much a creatives-versus-account management clash as it's yet another power struggle between

