

**Carlton
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The Hourglass Shaped Agency

By Mike Carlton

From Ancient China

The old Chinese saying goes, "May you live in interesting times." Its origins are lost in antiquity. It is often, but probably inaccurately, attributed to Confucius.

It is intriguing and enduring because no one knows for sure how it is intended. Is it a blessing? Or is it a curse?

Juniors expect to learn from the best in the agency

"May you live in interesting times." Is it a blessing? Or is it a curse?

Or maybe even a little of both.

Interesting Times

We are indeed living today in interesting times. The world economy has entered uncharted waters. The easy-credit fueled long-running global boom is over. No one knows what's next.

And while the clouds are gathered over everybody, advertising, and particularly advertising agencies, appear to be in for some daunting days ahead.

Headlines

Recently Advertising Age reported that in just one month, December 2008, almost 19,000 jobs were eliminated in the US advertising community alone. This does not count all the cutbacks in other countries around the world.

It is estimated that today there are almost 10% fewer people employed by agencies than there were eight years ago. With many more cuts to come.

A Common Challenge

Countless agency leaders throughout the world are facing the same questions. What will our agency income be during the coming year? What will our costs have to be to assure our profitability and thus long-term survival?

What will that mean for our staff? Will some people have to go? If so, who? What will their departure mean to our capabilities? And relationships?

From the human side, what might job loss mean to their families, their careers, their personal lives?

Painful, painful decisions!

A Blessing or a Curse?

So it seems that today's interesting times look a lot like a curse. There is definitely not much fun or upside readily apparent. Uncertainty abounds.

But yet maybe, just maybe, there are interesting opportunities that can make the future a whole lot more positive. Possibilities that may not have received much attention during the good times. Concepts like an agency's strategy for staffing.

Staffing Strategy

Whether it is articulated or not, every agency has a staffing strategy. That is the method it uses for organizing and applying human talent to address client engagement wants and needs.

There are lots of different kinds of staffing strategies. But in many agencies their staffing strategy has just sort of evolved

over time. Often with little conscious thought to the various advantages and disadvantages different models offer.

Perhaps now is a good time to consider the strength, economy and flexibility a revised staffing strategy might provide your agency. One that can improve the quality and effectiveness of your agency's work while reducing costs.

And at the same time enhance career security and quality of life for your people.

A Typical Staffing Strategy

Today, the most commonly used agency and PR firm staffing strategy is the Round Model. Here's what it looks like. (Figure 1)

Characteristics of the Round Model

The Round Model is easy to organize and manage. In fact, it usually takes little conscious effort to implement. It feels natural and normal.

You'll note that there are a few senior people (green). These are the folks that drive the agency's success. They are key to the acquisition and retention of clients and staff. And the quality and effectiveness of the agency's work. They are usually long-time members (often owners) of the agency.

They set the vision and values that provide the agency with its market differentiation. And they, as they should be, are well compensated.

The mid-level people (blue) are the ones that get the work done on a day-to-day basis. They are usually highly skilled in their craft. And it is not unusual for them to be more tightly connected to their craft than they are to the agency.

The junior folks (red) are the newbies. Often with less than five years experience. They can be very bright and well-educated. Usually with high energy levels. And strong work ethic. But while they may have great future potential it probably has not yet been realized.

Challenges of the Round Model

But the Round Model has some significant disadvantages. There are two issues to face. The first is economics. The second is mid-level mobility. (Figure 2)

1. Economics

Mid-level people can be expensive. And their cost is growing, particularly for those who have changed jobs a number of times in recent years.

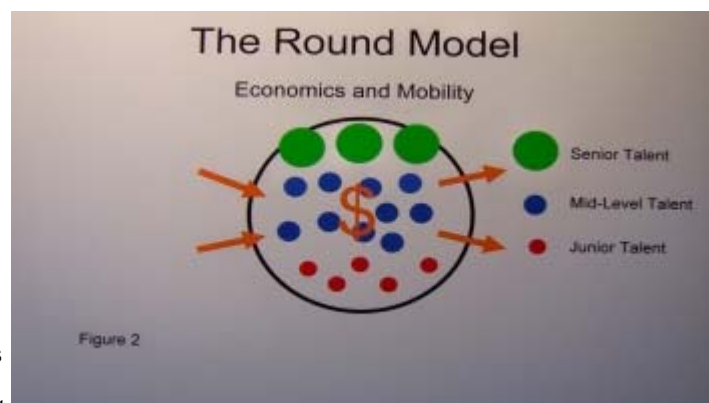
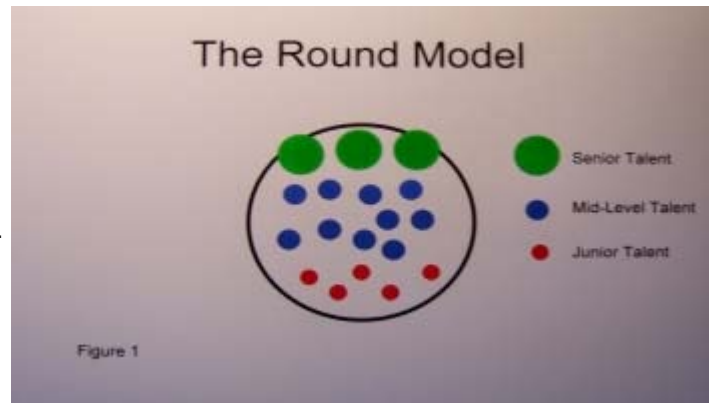
Their craft skills are usually quite good. And regardless of whether they are long-term members of the agency or recent hires they can command healthy salaries. But many may not aspire to rise to senior management. Or even have the abilities to do so.

Also they may have developed personal relationships with key client people that make it difficult for the agency to prioritize and deploy their talent strategically in the most effective and economic ways.

It is not uncommon for career mid-level people to develop a sense of entitlement that can raise the costs of their non-compensation items.

The bottom line is that if clients are scaling back spending it can be difficult to keep mid-level talent working profitably. Yet losing their abilities and relationships may further jeopardize client bonds.

2. Mobility



Mid-level people with long-tenure with your agency can be a wonderful asset. Particularly those who have internalized your culture. They can be your future leadership. Thus they should be protected and nurtured.

However, many mid-level people are part of a fluid, highly mobile talent pool. Their strongest connection is often with their craft not the agency. A craft that they may have practiced with a number of other agencies. And they may easily choose to do so at another agency in the future.

This makes it difficult for them to connect meaningfully with the unique vision and values of your agency. Thus making it hard for them to effectively represent your agency's marketplace differentiation.

Wharton School recently published a study on "Hiring from Outside the Company: How New People Can Bring Unexpected Problems". It is at: <http://knowledge.wharton.upenn.edu/article.cfm?articleid=2041>

This study illustrates that while experienced outside people can "Hit the ground running," the real question is, "Are they running the right direction?"

So, in uncertain times like today these mid-level economic and mobility factors of the Round Staffing Model can severely limit an agency's options and flexibility in responding to changing market situations.

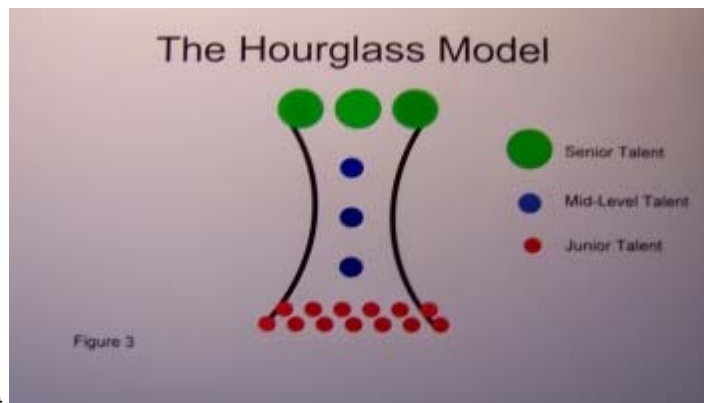
Another Approach

A quite different strategy for staffing is the Hourglass Model. The Hourglass Model looks like this. (Figure 3)

You'll note that in this model the same senior folks are firmly in place. But there are far fewer mid-level people. Most of them have long-tenure with the agency. And the potential and desire to grow into senior management.

But the biggest difference is the dramatically increased number, and importance, of junior professional staffers.

Not only is this inherently a much lower cost model, but one that ensures greater senior level control of client relationships. As well as a higher energy level and a much more dynamic organizational flexibility.



A Long History

The Hourglass Model is not new. In fact it has been used for years by major accounting, law and management consulting firms. But surprisingly, it has not been seriously embraced by many advertising agencies or PR firms.

The benefits are glaringly obvious. Client relationships and work quality standards are established and maintained by the most skilled senior people in the firm. Specialized craft skills and day-to-day engagement management resides at the mid-level.

Mid-level people who have been selected internally for their potential to rise to the senior level - thus assuring a continuity of vision and values based leadership. The agency's culture has become part of their DNA.

But, of course, the most stunning difference is the large number of juniors. A very bright, highly energetic group. These are the folks who do most of the work.

Albeit with considerable guidance from senior and mid-level leaders.

Junior Mobility

But these juniors are not static. Unlike mid-level people where stability is desirable, turnover and growth is desired at the junior level. (Figure 4)

The best and the brightest young talent are continually recruited. They are highly motivated. Inexpensive and productive. And expected to work long hours and commit themselves to learning and growing.



It is fast-paced and competitive. With a built in winnowing process.

Within a couple of years most junior people in this model come to a personal fork in the road. A few, maybe 10 to 20 percent, who are viewed to have future leadership potential, can be tapped to move up into the mid-level ranks.

The others are encouraged, and pro-actively aided, in finding positions outside the firm, quite often with clients. They usually leave on a positive note. They have learned a lot. Their resume is strengthened by their time with the firm.

And they are then replaced by the next class of new junior talent. Clients and their peers understand how this model works. So continual turnover at the junior level is expected with little cause for concern.

The Implied Contract

Essentially there is an implied contract between these junior staffers and the organization. It goes like this:

"I will work long hours at starting pay for the firm. I will give the job my maximum energy and dedication. I will be continually intellectually engaged."

"In exchange, I expect to learn. Learn a lot. I expect aggressive training and personal mentoring. And if I am not selected to move up in the firm I expect to be much more employable for having been here."

That is a simple deal. Fair for both the junior and the business.

The Price of the Hourglass Model

However, like all good things there is a price for the Hourglass Model. It requires four programmatic activities to be successful. (Figure 5)

1. A Talent Marketing Program

The Hourglass Model works best when the agency is perceived by the brightest college and university students as the ideal place to start their career in advertising. Achieving this perception is not quick or easy.

But it is not very expensive, either.

All it takes is a planned program with dedicated conscientious effort. Your existing juniors can play an important role in this as agency evangelists.

2. Continued Talent Recruitment

While the marketing program attracts young talent to the agency a recruiting program is needed to personally engage and screen individual potential candidates. The objective is to create a pre-screened pool of individuals who could become ideal young employees.

That way when it is time to bring new juniors on board it can be done quickly and easily. Again existing juniors can be a big help in the screening process.

This is also an area in which a comprehensive intern program can be a big help. A low cost opportunity to "test drive" potential junior talent.

3. Ongoing Training of Juniors

Remember, juniors expect to learn. That's their quid pro quo. Their training should have some formal and continuing character. This is serious business for them. It must be for the agency, too.

While the training can have both internal and external components it must have an understandable plan that is diligently followed. This part of the Hourglass Model probably has the greatest cash cost.

4. Active Mentoring of Juniors by Seniors



This is by far the most important element in deploying the Hourglass Model. It requires a significant time commitment from agency seniors. It is a major time trade-off. But it pays big long-term dividends.

Juniors expect to learn from the best in the agency. They want, even demand mentoring attention. And, they deserve it if they are expected to grow and excel.

Not an Easy Transition

Moving from a Round Staffing Model to the Hourglass Staffing Model is not simple or easy. But the reality is that it will enable any professional service organization, including advertising agencies, to do better work at lower cost.

It is as simple as that.

And it can prepare an agency for a much brighter future. And perhaps make today's "interesting times" something of a blessing, too.

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