



Beau Jackson | November 30, 2023 | [The Information](#)

How long? | 4-6 minutes

What are the advantages of country-level models for agencies and holding groups?

Following Group M's move to a country-level profit-and-loss model, Publicis Groupe's ongoing shake-up and M&C Saatchi's UK restructure, Campaign asks adland for the pros and cons.



From left: Tracy Barber, Brian Wieser, Richard Morris, Lorna Tilbian and Magnus Djaba

WPP has been getting its house in order. In the first official year of running EssenceMediacom as a joint entity, the group has **combined VMLY&R and Wunderman Thompson** and is continuing to simplify structures across the business, **partly in an effort to cut costs.**

In the latest move, Group M chief executive Christian Juhl confirmed that agencies **EssenceMediacom, Wavemaker, MSix & Partners and Mindshare will be moved to a country level**, rather than individual, profit-and-loss model, starting in 2024.

But it's not the only agency that has been reorganising.

This week **M&C Saatchi** also confirmed a restructure of its UK operations, bringing together five subsidiaries under a single UK P&L.

Similarly, Publicis Groupe shifted to a **country-level operating model in 2018**, and it has made some changes to its UK and EMEA leadership structure this year, appointing **Neil Bornman** to the new joint role of chief executive of Publicis Media UK and chief product and solutions officer for Publicis Groupe EMEA.

With so many agencies and holding groups opting to work this way, what are the advantages of country-level models for agencies and holding groups? And what, if anything, does it mean for clients?



Tracey Barber

Global chief transformation and growth officer, Havas Creative Network

As with anything "under the bonnet", clients will have one essential question: how will this make things better/faster/simpler/cheaper for me? If you can't answer that, it's not an advantage.

This is less about operating models and more about creating environments in which genuinely client-centric teams can collaborate and flourish, unconstrained by artificial agency silos.

Changing the model will not, in itself, change the culture. Collaboration must be embedded in your DNA, not just on the balance sheet or org chart. This is precisely why Havas pioneered its "village" model.



CEO UK and EMEA, IPG Mediabrands

First, we must think of our clients, their needs and their future requirements as the foundations of any organisational model.

For international and multi-market assignments, consistency of standards and seamless delivery are key. This leads to a degree of centralisation in delivery: client service; strategy and planning; insight and analytics and global platform management.

However, the differences across EMEA in consumer behaviour, media landscape, language, culture, employment law (I could go on) demand a strong market presence, and strong local leadership. It's important to acknowledge the importance of autonomy as a source of motivation for

senior market leaders, which must therefore be factored into any organisational design.

We at IPG Mediabrands operate a hybrid model across EMEA, supported by our advanced operating system, fitted around our clients and motivating for all our people. This is nuanced, varies by market and by client, and will certainly evolve over time.

Get this right and the business growth will follow.



Brian Wieser
Principal, Madison and Wall

Agencies with country-level models could offer country-level-focused clients a superior degree of alignment. However, this presupposes that an agency's optimal scale is also at the country level. This will more likely be true in China, Japan, South Korea (where dominant industry stakeholders are contained to those markets) or where advertising business models are unique.

By contrast, in most other countries, the dominant media companies are Google, Meta and Amazon, and combined with the likes of TikTok, Snap, Pinterest, Microsoft and Apple, the bulk of the industry operates globally.

Any agency – whether creative or media – needs to offer tools, skills, knowledge and products that mirror this industry structure. Doing so presents resourcing challenges to agencies primarily organised at a country level. Similarly, when marketers provide resources to internal teams on a regional or global basis, agencies organised primarily at a country level will not be optimally positioned.



Lorna Tilbian
Chairman, Dowgate Capital

The idea of globalisation was first advanced in 1983 by Professor Theodore Levitt, who posited the theory that people, countries and economies are interdependent and connected. Levitt argued that if companies could strip away local complexity to realise new, global economies of scale, they could cross national boundaries and discover “the overwhelming desire for dependable, world-class modernity in all things, and at aggressively low prices”.

Advancements in technology with the advent of mobile telephony and the internet alongside shifting social behaviours allowed multinationals like Coca-Cola and McDonald's to sell the same products worldwide. Fast-forward 40 years to 2023 and the pendulum is swinging the other way.

China came out of lockdown only in January 2023 after three full years of near isolation. Globalisation tailwinds have become headwinds, China is exporting inflation instead of deflation, and outsourcing and offshoring are giving way to onshoring as post-Covid supply chain issues focus companies closer to home.



Country models remove silos for global clients. They remove the false barriers for talent, ideas and capabilities that are created by individual agency P&Ls. When you get it right it means a client should never be more than two or three calls away from any of the best talent in the world, in the largest industry talent pools. At the same time, it gives you a country focus so you have the talent in a country where consumers and customers live and drive a client's growth. The key is to balance this with a continued investment in your agency brands.

This takes time to get right, arguably three to five years to drive the cultural change. It requires agency leaders who have been competing with their sibling agencies for primacy to see the world differently. They say the England football team didn't win anything in the David Beckham era because the players couldn't set aside club allegiances to play for their country. It took a long time to change that culture to finally get a team that goes to semi-finals and finals and will one day be victorious.

The country model asks for the same change: can you put aside your allegiances? Can you put your client and talent's needs above your individual agency leaders' need for primacy? For those of us who love our industry and our clients, the answer will be yes. Just don't underestimate the time and focus that takes.

Some will argue that the country model stifles creativity. I have had the privilege of working with, and calling friends, some of the best creative talents in our industry, in all disciplines. What I know they would all say is that creativity flourishes when exposed to diversity of thought and opened up to different influences from outside. What creativity doesn't need is "the digging out of a pit to store it in".

Like I said, silos: good for farming, not so much our business.



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