

GROUNDHOG DAY

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Assignment Questions

Do managers overlook chances for existing business to grow because they're blinded by day-to-day business activities? Or do day-to-day business activities get in the way of managers taking advantage of business growth? How do we solve that?

Is stagnation the default condition of any account? If so, how can a manager change it so the attitude on the team is one of always looking for ways to grow the business?

Why are so many brand managers not risk takers? Is it because they're managers and not entrepreneurs? Because they run the business, but don't own the business?

Do people on lower rungs of the agency org chart recognize that stagnation is taking place before managers do? Why? What do we do about it?

Is a successful new business person a salesman? Or a manager? What's more important in hiring or promoting?

Should an agency change its business model for an individual client? Should it service a client with two separate models and two separate teams? What are the risks? How do you make the decision?

"Groundhog Day. Every day was Groundhog Day." Jory Gallagher shook his head, leaned back in his office chair, pursed his lips, and gazed out his office window. The SVP/Account Director at Bolin & Page Advertising reflected on his two-plus years running the Stratocaster Technology account. "Every day I came into the office and I was dealing with the same issues, day after day after ffffff—" he caught himself,

shook his head vigorously, and turned to glance absentmindedly out the window of his office at the headlights on the cars coming into San Francisco on the Bay Bridge.

Jory Gallagher

Just before graduating from Middlebury College in 1995, Jory read about how there had been only 130 Web sites in all the world two years earlier, but that didn't deter two students at Stanford from creating something with the unwieldy name of "Jerry's Guide to the World Wide Web" in 1994. In short order, it was changed to Yahoo!¹

Jory didn't think much of either name, but he did like everything he was reading about Silicon Valley and the myriad business opportunities he saw originating in northern California. So upon graduation he went directly to the west coast to knock on doors. A few weeks later a wealthy advertising executive and Middlebury dropout named J.P. Page took a shine to him and hired him at Bolin & Page Advertising.

Bolin & Page Advertising

¹ http://www.corbinball.com/articles_technology/index.cfm?fuseaction=cor_av&artID=8878

J.P. Page and Thomas Bolin started as freelancers shortly after the Summer of Love, hired guns who didn't incorporate or have a staff or even an office. Ads they produced appeared in widely read publications like *Popular Mechanics* and served also to make big companies aware of the technological advances that "guys in garages" were making. Because the "guys in garages" rarely had money, Bolin and Page would agree to accept an interest in their businesses as part of the payment. Sometimes they'd even get their names on patents. So when some industry giant bought the technology—or a "guys in garages" company—Bolin and Page would cash in too. Page brought in the business, Bolin managed it. Only when they grew enough to start hiring people and set up salary schedules in the mid-'80s did Bolin & Page become a "real" business, as Page said with disdain.

After seven years working directly for Page, Jory took over the co-founder's position. The agency's batting average for winning new business under Jory was impressive and soon he was named VP of Business Development. He and his B.A.T.—Business Attraction Team—would keep bringing in the business, and then move on to the next thing as Bolin wrote the B.A.T. a bonus check and assigned the account responsibilities.

Just like Page before him, Jory thrived on the excitement and constantly changing landscape of new business. His presentations were theatrical productions with members of the B.A.T. acting out parts while Jory would challenge prospects to think of new ways to use their products and new markets in which to sell them. He'd ask

questions, then he'd give some answers in the presentation, but leave just enough out to entice the prospect to choose Bolin & Page over anyone else. When one prospect called to award the business she told Jory, "We just have to get the rest of the presentation." Around the office, Jory was King Midas.

Change In The Economy

The winning streak for Jory and the B.A.T. lasted until late 2007/early 2008. That was when the Dow Jones Industrial Average started its first significant drop since the tech bubble burst. Even though the companies he and the B.A.T. targeted weren't necessarily affected by the Dow, companies were nervous about spending money. It didn't matter where he was pitching a piece of business—Austin, London, Tokyo—it seemed like he was the only person who thought it would be smart for the potential client to invest money in advertising. As a result, he spent an entire year bringing in nothing. Zilch.

When he awoke from a troubled sleep on the morning of Monday, September 15, 2008 he turned on his laptop to check the news. *Will Lehman Brothers Fail?* was the first headline he saw. *Bank of America to Assume Merrill Lynch Debt* read another. The financial meltdown was on: banks failed, investors panicked, and capital vanished into thin air. New business pitches were postponed indefinitely or canceled outright by request of potential clients. Calls were not returned, contacts

vanished, and the B.A.T. suddenly seemed like an undue luxury. The Bolin & Page Christmas party was scotched, as were bonuses. “America’s Bye Week,” as Jory had long called the week between Christmas and New Year, became “Executive Team Marathon Meeting Week.”

The situation was grim. Bolin announced to the Executive Team that, as of the end of the third quarter, billings were down 20% in 2008. “The good news is that 2008 ends at the end of this week,” he said sarcastically.

Everyone in the meetings acknowledged that when marketers start to cut back, as they certainly did in the wake of the financial meltdown, the first place they cut is advertising. Once-active clients were throttling back on spending and making occasional empty comments about how things should “loosen up soon.”

With cash flow slowing at the agency, conversations centered around how to save money at Bolin & Page. Small items like supply procurement were discussed as well as big items like salaries, agency personnel, and the viability of some expense reports. The possibility of contracting the office footprint came up and one VP’s top action item became “subletting top floor” of the three floors that housed the agency. It was also announced by Bolin that everyone on the Executive Team could help make the agency look proactive by bringing up some of the money-saving ideas to their clients: “If we can’t get them to spend any more money now, the least we can do is save them money to spend with us later,” he grumbled.

At the end of the week, it was resolved that Jory's B.A.T. would go into 2009 with a budget of \$0. It was being dissolved. Jory would take over for Richard Blackmore as Account Director on the Stratocaster Technologies account. Surviving members of the B.A.T. were scattered among different accounts, depending mainly on where their salaries fit.

Jory had felt his B.A.T. was the best group of workers anyone had ever assembled. He'd hired people who reminded him of himself: energetic, loquacious, positive. It never concerned him that a person had an agency background or a business degree, Jory simply wanted people who he felt could help him win new business. One guy had been a member of *The Groundlings* comedy troupe in Los Angeles—that was what initially made Jory want to interview him.

Things would be different now.

Jumping into the Stratocaster account with as much enthusiasm as he always had for a new project, Jory was excited about the client's products and the opportunities he saw ahead. Steven Ray was the genius behind Stratocaster Technologies and a guy with whom Jory had connected during the pitch years earlier, so Jory was in a comfortable place even though no one on his team had been his hire.

Stratocaster sales and revenues had largely survived the economic meltdown. Getting acquainted with the client, Jory learned that there could be as many as 50 Stratocaster projects going on at any one time, so team members were often in early, staying late, and working on the weekends. Stratocaster had three divisions: U.S., International, and a third division dedicated to Emerging Markets. That last one especially interested Jory as it concentrated on sales in countries like China, India, and areas of Eastern Europe. Everything Jory learned about the Emerging Markets team reminded him of his days chasing new business with the B.A.T.

Present sales were steady and expected to be for the foreseeable future. But sales were only bringing in enough for Stratocaster to make debt payments. What Jory quickly learned was that Stratocaster Technologies wasn't really its own company; it was beholden to banks for loans and raised capital from equity investors for operating capital; many of those investors were principals in the closely held company. Following the financial meltdown, a number of those who held stock were looking to cash out. Therefore, new product ideas were delayed as Stratocaster said they didn't have any money to spend. The board was also discussing a re-capitalization plan, an attempt at pulling in new investors.

While such a thing wasn't necessarily his forte, Jory happily accepted the challenge of helping Steven Ray and the Stratocaster board find new investors. "Hey, it'll be a new challenge," he thought breezily. After all, keeping Stratocaster happy and

making sure Bolin & Page didn't "bleed" from the account was his #1 priority at the time.

Bonnie McKinley, Robin Morganfield, Johnny Summer

Upon taking over the account he met with his three Account Supervisors: Bonnie McKinley of the U.S. account, Robin Morganfield headed up International (mainly Western Europe, Australia, and Japan), and Johnny Summer led the Emerging Markets effort. They discussed ongoing projects, upcoming projects, budgets, and where Stratocaster was missing out on growth opportunities. That last part was a long and fruitless discussion, dominated mainly by Robin insisting that if she presented Stratocaster with one more initiative that would call for an investment she would aggravate his client so much that, "I think I'd put the account in jeopardy."

Putting anything in jeopardy didn't seem like a good idea. The financial meltdown had shaken a lot of people's confidence and many staffers were simply happy to be employed at the beginning of 2009. That mentality extended all the way up to the senior team members on the Stratocaster account. "Stay the course," was the motto many people brought to work each day, but the Stratocaster team seemed to shed that attitude before anyone else in the agency did. Part of the reason was that their client was churning out so much work no one had time to do anything but keep their heads above water. Another reason was that, as the memory of the financial

meltdown got more distant, everyone on the team was thinking about something else: how dull that work really was. The same pieces, just updated with different dates. Tight timelines as the client never planned ahead and never listened to the Bolin & Page account team imploring them to do so. Overnight turnarounds kept people in the office until 10:00 regularly. A seemingly daily occurrence was some overworked art director bringing a receipt for the North Beach Pizza delivery from the night before into the Account Coordinator's office to process payment. "Every morning starts with me trying to figure out which job to assign the dinner from the night before," the Stratocaster Account Coordinator told Jory during a team meeting. "It takes up the first 20 minutes of my day."

Jory did the math and realized that, if this were the case, the account coordinator was putting an hour-and-a-half a week into the vital enterprise of assigning where a pizza delivery fit into a job's budget. Perhaps a separate "food" budget should be set up for Stratocaster. Perhaps dinner should be assigned to its own job number instead. Perhaps the Account Coordinator wasn't using his time very well.

Stratocaster seemed to be missing opportunities to grow on every front, especially in the Emerging Markets. Never mind the financial meltdown; Stratocaster was eschewing entire markets, apparently happy to keep its steady sales and weather the storm that the unsteady economy presented the company. "I have put study after study in front of Stratocaster showing the opportunities that other tech companies have taken advantage of in a struggling economy. But they just won't

listen,” Bonnie said with a shrug. Indeed Oracle, Apple, and Microsoft were all products of the economically stunted 1970s. In the wider economy, companies like FedEx and Southwest Airlines—brainchildren of the ’60s—went into operation in the decade of Watergate, stagflation, and the Misery Index.

All three supervisors related their frustrations with the account, starting with all the forecasting work they were doing that didn’t bear any fruit. Each team had been traveling quite a bit over the past few years, had conducted research throughout their areas of responsibility, had made one presentation after another, and all that ever got produced was an updated version of something the agency produced the year before, and the year before that, and the year before that. “I missed my son’s high school graduation because I was in Beijing and the plane had mechanical trouble,” griped Johnny, “My wife was so mad I had to sleep in the TV room for three straight nights and the trip wound up being a big *Nothingburger* with the client.”

Could Jory initiate some of the new business ideas with the help of Bolin & Page’s financial backers? It was the sort of thing a young Thomas Bolin and J.P. Page might have done, but it seemed like a pretty unorthodox thing for an “established” agency to do in the 21st century.

By late-summer 2009 Jory saw full well that Stratocaster was unwilling to get out of its comfort zone. With his new business background, Jory’s natural inclination was to challenge Steven Ray and his Stratocaster clients, to ask them questions about the

opportunities they were missing, about the chance they had—if only they act—to grow their pie. But he was torn: Jory knew that his responsibility for the Stratocaster account was to keep things rolling, to keep it from being a problem of any kind to Bolin & Page.

And, frankly, among the agency's Directors, he was envied for the seeming stability his client had.

Jory spoke with his Supervisors about this difficult balancing act and the four made the effort to meet once a month and discuss ideas they felt would help Stratocaster grow, wary that the meetings could well be exercises in vanity. And while these meetings started out with optimism, they devolved into discussions about how or when the client would do anything other than “mindless crap,” as Bonnie so eloquently put it a few months later.

By the start of 2010 the monthly new business idea meetings fizzled into bitch sessions and then non-existence as the Stratocaster team was overwhelmed with “mindless crap.” Jory would come in at 7:00 AM and see the Account Coordinator running around like a chicken with his head cut off. Why? He was opening a dozen jobs that morning and had to get five printed pieces out by the end of the day.

Creative teams were putting in 12-hour days and one night, Jeri Weir even slept on a conference room sofa because it didn't make sense for her to go home at 2 AM and return for her 8 AM staff meeting.

“Get a hotel room if that happens again,” said Jory.

“Can my family join me?” Jeri shot back without humor.

The cubicle occupied in the mount room by the two Jr. Art Directors assigned to the account was always a hive of activity. Mickey and Billie never seemed to leave, but always appeared to be having fun. “Certainly not jaded,” Jory thought of the pair fresh out of school and both diving into their first professional adventure. But when Jory saw signs reading “Churn” and “Burn” over the nameplates outside their cubicle he had to pause. He’d often seen his younger self in Mickey and Billie: young people starting off their careers at a great agency, full of vigor, happy to work until the job was done, young enough to work on little sleep. Jory never saw his years learning at J.P. Page’s knee as being anything other than a new adventure every day, certainly not “churn and burn.” But now he was feeling like his leadership wasn’t affording the same kind of experience to his young charges.

As 2010 rolled on, memories of the financial meltdown were long gone on the Stratocaster team. Meetings were held, work was produced, hours were long, complaints were constant. “Working on this client is like drinking warm beer,” said one writer.

“They like warm beer in England,” responded his partner.

“Then get an English agency to work on it.”

Mickey and Billie got an offer to join another agency and took it without even allowing Bolin & Page to match or beat the offer. In their exit interview, Billie said that her #1 reason for leaving was not the long hours, but the boredom: “If my career is going to go forward I need to be in a position where I can use my brain to do great work, not just crank out stuff that a 12-year-old could.”

On a questionnaire given to Mickey by HR, there was a comment section. In that section all that Mickey wrote was: “Can’t win any creative awards here.”

If a couple of kids like these two were bored, how were the more senior creatives feeling about their jobs? Jory found that out when Jeri Weir’s direct report, Bob Hunter, submitted his resignation. Where was he going? Nowhere. He was simply leaving to spend some time with his children and see if he could “get a freelance career going.” This guy was walking away from a six-figure salary to “get a freelance career going?”

The next morning, Jory convened a meeting with Jeri and his Account Directors, then he pulled Bob in. He implored Bob to stay, but soon learned it was futile. “If I can’t get on another account,” Bob said lazily, “I’m gone.” Boredom, long hours,

ridiculously quick turn demands from the client were all conspiring to overtake any joy he got out of his paycheck.

Jeri mentioned that Bob had been quite a hire five years earlier: San Francisco's top ad writer, awards all over his bookshelf, fabulous talent and energy. But Bob showed none of that energy since Jory had taken over the business. "He won't freelance," Jeri said dejectedly. "He just needs a couple weeks to interview and someone will hire him. He hasn't had a vacation in a year, he eats lunch at his desk every day, and hasn't gotten out of here before 8:00 in a month. He's burned out on this."

By the second anniversary of the financial meltdown there was no evidence of its memory among the Stratocaster account and creative teams. They were bored, overworked, under-challenged, and ready to take drastic actions just to get off the account. Word found its way to Jory that Jeri had inquired with the head of H.R. about a Senior Art Director opening on another account. The job paid significantly less than Jeri's C.D. job, but her desire was to "feel like I'm doing something," she told Jory when he confronted her about her request.

"I can't lose you!"

She shook her head and frowned: "Then you've got to do something to make this account something other than drudgery to work on. Besides, you can lose me. You

don't need me; you need a dozen Jr. Art Directors to put layouts together and take some of the heat off the rest of the team.”

With all the upheaval at the office it was ironic that agency grades were so solid from the Stratocaster client review. Pretty much everything was great and the only comment that stood out in Jory's mind was a brand director's scribbling in: “The beat goes on with B&P. No problems on that front.”

“If they only knew,” Jory shook his head.

Everyone Knows

Jory looked at his team's timesheet totals at the end of 2010 and saw numbers consistent with the problems he saw every day. 80-hour workweeks were much more the norm than the exception for team members. People were regularly putting in 6-8 hours on Saturdays and Sundays, himself included. Every day and night found creatives putting out fires and making sure that the material that had to go out the next day would meet deadlines. Account teams and creative teams stopped seeing eye-to-eye and arguments were all too common. Without fail, the arguments centered around a member of the creative team wanting to do something new, fresh, different, memorable... and a member of the account team insisting that it not be done. Bonnie, Robin, and Johnny continued their travel servicing their parts of the

account, but none of them ever returned energized about Stratocaster going forward. “I never thought I’d say I’m bored with going to Paris,” said Robin, “But I’m bored with going to Paris.”

“I’m the most expensive hand-holder in the agency business,” said Bonnie during a meeting. “Every person I deal with over there just wants us to fill our order and move on to the next one.”

“Working on this account reminds me of my college days waiting tables,” Johnny confirmed. “You don’t know how many times I feel like responding to a request with, ‘You want fries with that?’”

Jory felt like he was losing his team, even though the client was happy. The only thing that made one day different than another was the degree of bitching. People came in early, worked late, gave up weekends and re-scheduled vacations for the Stratocaster business, but no one was seeing it make any difference. Too often “rush charges” had to be assessed because the Stratocaster brand teams would disregard all leadership shown by the Bolin & Page account team and suddenly demand that something needed to be done or resized—no thinking, no strategy, just do it.

Jory was amazed that the negative attitude didn’t seem to be affecting the agency’s relationship with Stratocaster, but soon realized that the account teams working under his Supervisors were the most positive people on the business. For the most

part they were young and had not been in the agency business during exciting times like those he shared with J.P. Page and or running the B.A.T. The rapid growth that Bonnie, Robin, and Johnny had been a part of early in their own careers was gone, and it was obvious the Account Supervisors were still hungry for it. It seemed the firewall between Bolin & Page's collection of unhappiness and Stratocaster's meeting their needs of keeping sales and revenues steady was the "workaday" account teams. At the risk of acting too much like the waiter that Johnny didn't want to be anymore, they were "filling the client's order." That was where Stratocaster was seeing value.

To see if he could get things moving on the account and to whet the appetite of his client, Jory brought up some of his team's ideas to Steven Ray at Stratocaster during a routine phone conversation. Social media. New online ideas. Getting Bolin & Page's digital team more involved. Steven was taken aback. He hadn't heard about any of those ideas. "You've given me a lot to think about," Steven said when the conversation was winding up.

A week later, while the two were traveling to New York, Jory asked Steven if he'd thought about the ideas. "Not much," Steven said. "I just don't have time."

"We have a five-hour flight ahead of us," Jory said with a touch of challenge. "Let's talk about them."

By the time they landed in New York it had become obvious to Jory that the Stratocaster brand teams were roadblocks. They had never brought any of the Bolin & Page ideas up to Steven, had never shown any interest in expanding their own business. They were simply satisfied to keep the sales consistent and let Bolin & Page be caretakers of it.

“Same old, same old,” Jory caught himself thinking as he landed at SFO two nights later. That was when he knew stagnation had set in at the highest levels of the Stratocaster account. Before he got to his car he realized that an ambitious team of young freelancers like Bolin and Page had been 40 years earlier could give Stratocaster exactly what they want. “I hope I’m the only person thinking that way right now....”

Account Changes?

After the trip to New York it was obvious to Jory that the Stratocaster client was not receptive to any new ideas. What Bolin & Page had been doing for the past 2-3 years was obviously solving what Stratocaster needed solved from its agency. Jory and his entire team would talk about how far behind Stratocaster was in adapting to social media, but the client didn’t seem to care... “Just keep the wheels turning,” seemed to be their attitude. Taking advantage of younger, tech-savvy consumers seemed to be nowhere on the radar screens of any Stratocaster brand teams. Worst of all, the guy

who was supposed to be the visionary at Stratocaster—Steven Ray—insisted that the only thing he needed from the agency was just what they'd been doing.

Jory made the decision that Bolin & Page's account and creative teams were completely unaligned with what the client needed. Stratocaster needed volume, not thinking. They needed hand holding, not strategy. The lower- and mid-level account teams had been keeping the account going, but everyone else seemed like the proverbial round peg in the square hole. Peoples' roles had to change.

The next day Jory brought the senior team together for a Friday Happy Hour in a back room at The Huntington Hotel. He ordered drinks for all, and then stood up before them. "Folks... there are going to be some changes in this account." After a little uneasiness among his staff, he continued: "And every one of you is going to help me figure out how it's going to change."

For the next two hours he led a discussion about how best to serve a client who just wants to be served, who doesn't seem to care for anything more than the "mindless crap" that Bolin & Page had been delivering for quite a while now. Job descriptions were going to change. Positions might be eliminated. Decisions—hard decisions—were going to have to be made.

At the end of the meeting he had a list of five things that he was going to consider in realigning the team to the Stratocaster business:

- **Dual Teams:** Have Quick-Turn Team and another Long-Term Team that works on strategies for building the Stratocaster business in the future. Can the budget support this set-up? Will it pay off in terms of morale?

- **Limit Hours:** Can the present team deliver the same product to Stratocaster in fewer hours? Probably, since they presently spend so much time on “unwelcome” strategizing for the client. Would the present team be the best people to be servicing this client in such a way? Probably not. Would probably need more junior people and fewer senior people (maybe just Jory) if this sort of a model were to be effective.

- **Quick-Turn Model:** Does Bolin & Page cast aside all pretense of expanding the Stratocaster business and simply service what they have? Does the agency work as “wrists” that turn requests quickly, and perhaps earn bigger margins? Who would be the “babysitter?” Would there be too much turnover on the account because employees would get bored?

- **People:** Does Bolin & Page have the best people in place to properly execute what we decide to do with Stratocaster account? The team now certainly doesn’t seem in line with the account’s needs as the agency’s people seem to want to deliver thinking to the client that the client doesn’t want.

• **Freelance Money:** *Secure a budget expressly so the Stratocaster team can pay for production of freelance work under the Bolin & Page name. The goal would be to win creative awards and elevate the creative reputation of Bolin & Page. Jeri would be CD, and everyone on the team—account team included—would be in charge of bringing in the “clients.” Would incent creatives by offering creative outlet to overcome dreariness of Stratocaster. Would also help account team see the creative heights the team is capable of reaching.*

Jory returned to the office as the sun was setting, determined to organize his thoughts, and sent an e-mail to get on Bolin’s calendar for the coming Monday morning. But first he was going to write out an agenda for the meeting and go over what he wanted to say.

An hour later, it was completely dark outside when there was a knock on his door. Leaning up against the jamb was the impressive, 70-plus-year-old figure of Thomas Bolin. “So... now that you’ve been at it awhile, what do you think of Stratocaster?” he asked in a leading way.

Jory shook his head: “Groundhog Day. Every day...”