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## CommunityColumn

# What's the Market Price for a Great Idea?

-Beau Fraser

You have to applaud Prudential and its agency search consultants. Industry trades report that Prudential is compensating each of the three finalists in its agency search a fee of \$300,000. That's a significant total investment of \$900,000, a bet further hedged by including three agencies, for what some would derogatorily call a "mere creative idea."

The winning agency also gets the account. I would have been happy with that. Bravo, Prudential!

Prudential's ethical review sends five empathetic messages. First, it values what an advertising agency contributes to its business. The company should know. After all, its current platform, "The Rock," in various forms, either as logo or as a vivid, comforting benefit, helped build Prudential's business from its founding in 1875 in a Newark, N.J., basement to \$32 billion in revenues in 2010.

Second, it's good business to pay agencies for the ideas they generate, even in a review process. Prudential did not take the sleazy route traveled by so many of offering a token "\$5,000 to defray your pitch costs . . . but we own the ideas." Or worse, the recent pay-for-play trend coming out of Europe. Both approaches show a lack of appreciation for the value of an idea or the cost to the agency of developing one. Client fees pay for my skills. Their business values buy my loyalty—and, ultimately, better work.

Third, Prudential, along with search consultants Ark, understand the value of time. Juxtapose Prudential's approach with Zappos' carnival review of last summer

that featured creative presentations from 100 agencies. Forget about the cost of the agency's time! What about their time? How did they manage that? Clearly, not only does Zappos not understand the value of time—its own or ours—it also has a lot more time on its hands than we do.

Fourth, all the companies invited to present "ideas" are advertising agencies. None are digital, or any other specialty communications firms for that matter.

That's not surprising to me because ideas have been the currency of traditional agencies since, well, at least 1875. I don't want to get into the tedious argument about the death of traditional agencies and the ascendancy of digital firms. Obviously, digital companies provide tremendous value and do terrific, important work. But advertising agencies and digital shops, as well as other specialty marketing firms, offer clients different deliverables to solve different problems providing different benefits. Advertising agencies develop strategic and creative ideas, the best of which become the foundation of a client's marketing communications program.

But the most profound message sent by the Prudential review is that it has set the market for the value of a communications "idea"—a concept that we have all struggled with for a long time.

\$900,000.

While on the surface that may sound like a lot of money, I'd argue that it is not. Think about it. The idea becomes the strategic and creative foundation that the client's other partner firms have only to execute against. I am not suggesting that

executing against an idea is easy. But it is a heck of a lot easier than developing the idea. Giving partner firms the core idea reduces their workload and, theoretically at least, their fees—thereby saving the client money.

Look at it another way. Let's assume that it's 1875 again and that Prudential's review resulted in the winning agency developing "The Rock" idea. Fast-forward 135 years. That means that Prudential would have paid \$6,666.66 per year for the idea. A bargain. I know, I know. That's fuzzy math, but you get the point: an idea has value and the great one can save clients a lot of money, which they should, in part, use to compensate its creator.

I know that Prudential agrees.

the gate



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