

Saatchi's turnaround set in Stone

Andrew Stone's breathed new life into a tiring advertising giant, writes
Simon Hendery

ANDREW STONE, dressed in jeans and an open shirt, sets a cracking pace as he leads the Business Herald on a whirlwind tour through Saatchi & Saatchi's Auckland office.

Recent hirings mean the place is crowded and some staff are forced to share a phone line. The agency is trying to secure adjoining office space to ease the pressure.

Without stopping, CEO Stone casts a hand in the direction of his own modest glass-walled office.

"Mike kicked me out of my other [larger] office," he explains.

The Mike in question is executive creative director Mike O'Sullivan, Stone's most powerful lieutenant and a major force behind a recent transformation at Saatchi.

The place has changed significantly since Stone walked back in the door in early 2004.

Two years ago the former glamour agency was in a slump. While it retained top clients such as Telecom and Toyota, it was a shell of the creative powerhouse it had been in the 1990s when global trade magazine *Advertising Age* ranked it among the world's top 10 agencies.

Where there has once been a stratospheric layer of air between Saatchi and its nearest competitors, by the turn of the millennium any daylight had disappeared.

Respected Australian industry magazine *Campaign Brief* recently summed up the state of the agency at that time by saying: "Clients were unhappy. Structure was weak. Billings in decline. Morale was low. The work wasn't great. They were screwed."

Enter Stone with a restructuring plan. He had the advantage of knowing the business. A seasoned advertising "suit" (account handler as opposed to "creative" campaign developer) he had worked for Saatchi in London and was the agency's Auckland general manager then managing director between 1991 and 1995.

He left in 1995 to co-found Generator, an Auckland agency that grew quickly and delivered its partners a healthy windfall when they sold the business to the Bates network five years later.

When Stone stepped back into Saatchi's Parnell headquarters in February 2004, the agency was on the brink of losing one of its most lucrative and high-profile clients, the Lotteries Commission.

In a shake-up under new chief executive Trevor Hall, the commission put its Lotto and other advertising business out to pitch.

Saatchi was part of the pitch process, but ultimately lost the account to another agency, Lowe.

Stone says those first few months



back at Saatchi were the hardest.

"In that first six to nine months, for everyone who was part of this place, it was a time of intense pressure," he says. "At some point the restructure was going to happen. We had clients who were pretty much on the back foot with — including Telecom — and the Lotteries pitch going on. We were bringing on new people. It was quite an intense period of time."

In 2004, before he started back at Saatchi, Stone told the Business Herald his strategy would be to get close to and listen to client chief executives, and it appears to be an approach that has worked.

Eight out of Saatchi's 10 largest clients awarded the agency more work last year, helping to boost revenue by 36 per cent.

The company says it won 86 per cent of new business pitches, in the process delivering \$46 million of annualised new business.

Staff numbers are up 80 to 190.

It has won industry and public accolades in recent months. Stone appeared on *Fair Go* to collect the favourite ad prize for Toyota's ute-driving bulls commercial. Other Saatchi ads, for Telecom and TVNZ, were also finalists.

Campaign Brief and another Australian industry publication, *B&T*, both named Saatchi New Zealand's agency of the year. It has also won industry acclaim back home, picking up the agency-of-the-year gong and, for Stone, CEO of the year, at last month's *AdMedia* advertising awards.

Stone, however, says the restructuring was primarily about making some obvious business calls.

"This included relocating staff from the Wellington office to Auckland where the bulk of clients are based, and beefing up the agency's 'interactive' department which specialises in online and mobile marketing.

An early move was to bring O'Sullivan — an experienced turnaround man — back from a job with Clemenger BBDO in Australia.

"When I was brought in it felt a little bit like it was just me," Stone says. "I don't feel that any more. That drive and hunger is still there. Mike and I share that."

Asked what the pair are trying to prove, Stone grins momentarily, perhaps aware his answer may sound a little corny.

"Our dream is the world's biggest ideas from the world's smallest country. We want to create the ultim-

ate agency, the perfect agency, that will continually evolve."

The mantra reeks of the influence of Kevin Roberts — Saatchi's New Zealand-based global head and ideas cheerleader.

The Roberts-articulated notion of *sisomo* (sight, sound and motion) is also at the heart of Stone's ongoing transformation of the agency. *Sisomo* is about utilising the power of emerging media — the screen, be it a mobile phone or a television, as the key to communication.

Some in the industry mocked Roberts' coffee table *Sisomo* book, but advertising's future nonetheless involves a shift towards new technologies, something Stone is embracing.

Sitting with O'Sullivan in the Saatchi's boardroom, he calls Los Angeles on speakerphone to bring the agency's interactive head, Auckland-based Tom Eslinger, into the interview.

In the past Saatchi was seen as obsessed with the glamour of the expensive brand-building TV commercial, but Stone's restructuring has

been designed to embrace new media.

O'Sullivan says the agency is unusual in that he and Eslinger have desks side by side, which means that when a new client brief comes in, the interactive component of a campaign is something that is worked in from the beginning.

Eslinger — who is also the Saatchi network's global head of interactive — was one of those moved up from Wellington at Stone's behest. His team has grown to about 20 over the past two years.

ANDREW STONE

Chief executive, Saatchi & Saatchi NZ

- **Age:** 45
- **Married to** Nicki, sons Harrison (8) and Patrick (6)
- **Education and associations:** BBS in Marketing (Massey University)
President of the Communication Agencies Association (Caanz)
- **Career:**
1982-87 Colenso
1988-91 Saatchi & Saatchi London (appointed to the board in 1990)
1991-95 Saatchi & Saatchi Auckland GM, then joint MD, then MD
1995 Co-founder of Generator with three others (stayed on after the sale to the Bates network in 2000)
2004 Appointed CEO, Saatchi & Saatchi New Zealand
- **Leisure**
Owns a 4ha lifestyle block at Coatesville; enjoys fishing

Stone is keen to present the trio as the face of the revitalised agency: a combination of the client-engaging CEO, strong creative talent and technological savvy.

He and O'Sullivan are particularly tight, often spending time fishing together either from Stone's bach at Matakana or O'Sullivan's on Waiheke Island.

"We make a lot of calls quickly," Stone says of the pair's working partnership.

"One of the dangers in any business is that ideas get bogged down in a huge bureaucratic process. Our view is that we should be free to get on and make calls. Equally we should devolve as much responsibility as possible."

Stone says the revitalised agency is delivering tangible results for clients.

"I think marketing played a big part in the turnaround for Telecom from being a follower to Vodafone to absolutely trouncing them."

Telecom offers a classic case study on what can be achieved by joining the Saatchi-Stone "journey", he says.

"It was a client who believed in what we're doing and wanted us to be really close to their organisation."

Stone says that while the past two years have heralded big changes more are to come.

"When I look at how I might have changed in the past two years (the next two years will be hugely more dramatic but actually hugely exciting too. We'll be doing stuff that's going to blow people's minds."

BOUNCING BACK: Andrew Stone has turned around Saatchi & Saatchi in New Zealand. PICTURE: BRETT PHIBBS