

# Independent agencies

Midsized and small independent agencies are **alive** and **thriving** in a competitive environment

To paraphrase Mark Twain, reports of their death have been greatly exaggerated. Independent agencies are a viable strategic and creative option for many healthcare clients.

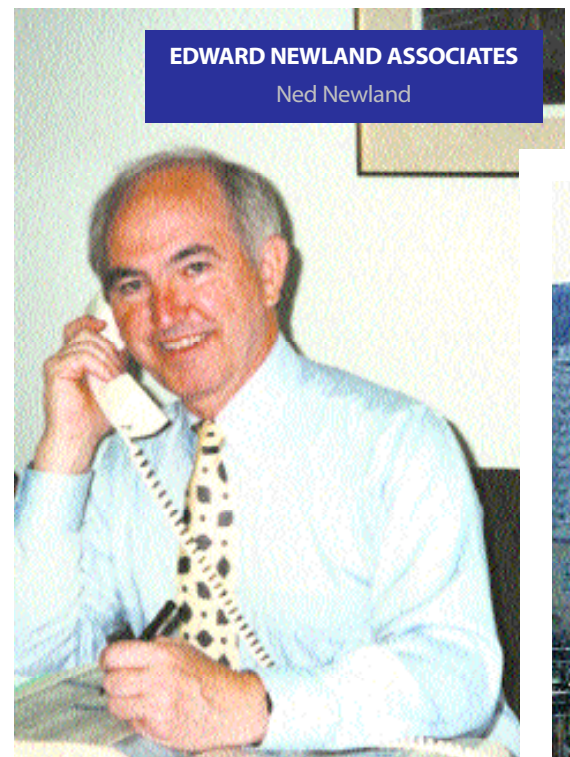
True, the number of independent agencies has dwindled over the past few years; many making the strategic decision to join a network conglomerate. However, just as fast, new independent agencies are springing forth. Admittedly, there are many advantages to belonging to an agency network: access to resources, from both a financial and capability standpoint; global access stemming from worldwide sister agency affiliates; and operating under a well-known corporate brand.



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AI Topin



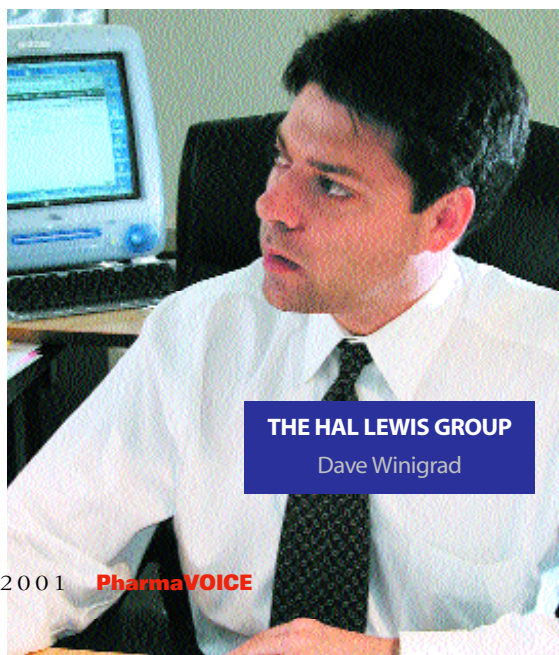
**GOBLE & ASSOCIATES**  
Ed Goble



**EDWARD NEWLAND ASSOCIATES**  
Ned Newland



**DONAHOE PUROHIT MILLER**  
Dr. Ahnal Purohit



**THE HAL LEWIS GROUP**  
Dave Winigrad



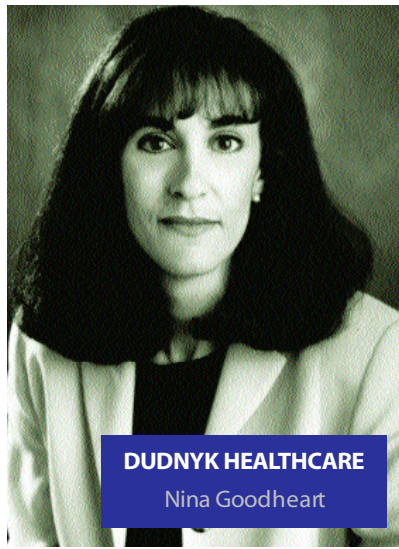
**VOX MEDICA**  
Brian Russell, Don Phillips,  
Mike Scott, and Yvonne D'Amelio



**NATREL COMMUNICATIONS**  
Allan Trent and David Nakamura



**RIBOTSKY WORLDWIDE**  
Ken Ribotsky



**DUDNYK HEALTHCARE**  
Nina Goodheart



**STRATAGEM HEALTHCARE**  
Susan Hempstead



**KANE AND FINKEL**  
John Kane and Bob Finkel



**INCHORD COMMUNICATIONS**  
Ken Stevens



**CATALYST COMMUNICATIONS**  
Rod Mehling

However, the agencies that are holding steadfast to their independence, believe that they are able to offer clients quality service and extensive capabilities.

Within the pharmaceutical and healthcare arena there are wide range of clients and client needs, and a company that can provide quality service to fill those needs can be successful,

whether they belong to an agency network or operate as an independent entity.

Independent agencies, like their network counterparts, face myriad challenges — client consolidation, big, global brands, staffing, economic pressures, etc. Independent agency presidents are facing and overcoming these obstacles with an entrepreneurial spirit.

## Going the network route

Most independent agencies have been courted over the years by at least one agency network. For many presidents there are as many reasons to remain independent as there are to sell.

**The agency presidents who have resisted the lure of umbrella coverage, decreased by one last October.**

In October 2000, Bruce Lehman was the most recent independent agency to succumb to the lure of belonging to a network. Health!Quest Global Communications Partners acquired Lehman Millet Inc., becoming the network's founding agency.

"Over the years, we were courted by and spoke with many people at all of the networks and a number of other enterprises," says Bruce Lehman, president and CEO of Lehman Millet. "The one thing that set Health!Quest apart from every other network, was very simple. As a

firm our mission is to support the medical device and diagnostics sector. Health!Quest was the only organization that approached us and said, 'we really like what you're doing and what your position is as a sector; we believe in the potential of this sector and we would like you to take the lead and continue to develop this sector for us.' Everybody else we spoke with had an interest simply in adding another notch on their gun belt or transforming us into the New England outpost of their biopharmaceutical enterprise."

According to Mr. Lehman, although he and partner Gerry Millet were giving up their independence they did not have to give up their mission. "Both Gerry and I had known Gil Bashe (CEO of Health!Quest) for sometime, he's very personable, he's very real, and he's very personally involved in building this network," Mr. Lehman says. "To be part of a network that is creating itself was very attractive to us. We found Gil's vision of what a network could be versus what networks are today to be very compelling."

The vision is to structure Health!Quest in such a way that the member companies are motivated to collaborate to enhance client competitive advantage on a routine basis rather than compete. "I tested the concept with many of my colleagues on the client side," Mr. Lehman says. "The concept of supporting their commercial efforts from cradle to grave resonated extremely well with our clients. The network offers continuity, consistency, efficiency — ultimately it offers the potential of competitive advantage for them in the marketplace."

For Mr. Lehman, the first 10 months have been fabulous. "Our partners at Health!Quest are supportive, interested, they are as involved as we invite them to be," he says. "They do what they do and they let us do what we do. In many respects, it has not been much of a change. They have been very careful not to change the way we run our company. I don't know what the agency will look like years down the road, but for today instead of sending the monthly financials to my bank I send them to Health!Quest."

For Mr. Lehman, the intellectual capital is even more attractive and valuable at this point than the financial capital. "The network has given us access to service firms that provide medical education services, outcome studies, quality of life, regulatory reimbursement, consulting, and strategy work," he says. "As a midsize firm, there's only such much that you can do with the people that you have and do everything very, very well."

## Let Freedom Ring

Presidents of independent agencies are free to chart their own course. Because they are not beholden to parent organizations, which must answer to stockholders, they are better able to take risks without having to worry about the bottom line.

"There are three things in the agency business: people, product, and profit," says Jack McBride, managing director of McBride & Associates. "Those are the three components that have to be managed. Different agencies have different priorities. In the public agencies, profit is No 1; it has to be. An independent agency can put people or product first and make profit last. A publicly held agency could never do that."

Most independent agency presidents, when asked, say the reason they remain independent is because they enjoy the freedom of controlling their own destiny and being able to focus on client needs without having to worry about the bottom line.

"We have all of the resources we need without all the bureaucracy and without somebody looking over our shoulder," says Nina Goodheart, president of Dudnyk Healthcare. "While the bottom line is always important, it's not our sole focus, it's not even our most important focus. Our focus is to stay true to the work and to deliver the best work that we can possibly deliver."

According to Bob Finkel, principal and chief creative officer of Kane and Finkel Healthcare Communications, delivering the best work possible without being consumed by the need to please a parent company, allows he and his partner, John Kane, managing director, to thrive in their areas of expertise.

"In a network situation there are two opposing forces: there is the parent company or network that expects something from the agency which might be at odds with what is right for the client and the brand," Mr. Kane says. "It's hard enough to manage a brand and grow that brand, but when you're also answering to a parent company it can be doubly difficult. The need to produce a 20% profit margin is not what drives our thinking. That freedom is important."

The ability to make decisions without having to consult a parent company is a definite advantage to being independent says Joe Kuchta, president of Goble & Associates. "We

never have to run decisions up the flag pole," Mr. Kuchta says. "We're in control of our own destiny. We can keep the focus where it should be: on the client's business. If clients are happy with the service and the work they are getting then we as a business are successful."

According to Dave Winigrad, president of The Hal Lewis Group, the number one reason the agency has chosen to remain independent is to serve only one master, which is its clients.

"Because we are independent we don't have the pressure to make certain numbers or use certain network services," Mr. Winigrad says. "Second, being independent allows us the freedom to always present an independent point of view. Too often to maintain positive relationships with clients there's pressure to tell them what they want to hear. We believe our greatest value is that we can tell clients what they should hear."

Having spent a number of years in large public companies, Ken Stevens, who is president and chief operating officer of inChord, appreciates the agency's ability to chart its own course. "Independence gives clients comfort in that we don't have a lot of other constituents

that we are trying to please; it's them and then us, in that order," he says.

"The benefits of being independent are that we are not governed by a major corporation with corporate goals, profit margins, and bottom lines," says Ken Ribotsky, president of Ribotsky Worldwide. "We are able to give our clients what we believe is the best possible product. We're not forced to strictly adhere to time allocations and resource allocations as far as billable hours. We deliver what we think is the best possible product. Obviously, we want to keep an eye on the hours, but a job is not done until I say it's done. Then we decide if we have solved the problem for the client. That's our goal. Being independent allows us to be very flexible."

"An independent agency can always be more flexible, that's the one area where an independent has an advantage over a large network operation," Mr. McBride says.

"The managers of network operations, because the companies are public, are held to rigid profit goals that they are expected to meet," Mr. McBride says. "And if they don't meet those goals they will be replaced. There is a lot of pressure from the holding company to deliver certain profit targets and goals. Network agencies don't have the flexibility to live with a client that is not delivering or not producing. They have to figure out a way to make that client profitable."

Because independent agencies are not held to the same targets as network agencies, they can carry a client for reasons of their own — portfolio diversification, personal contacts, or long-term potential. "They can afford to because they can live with lower margins, if they choose to do so," Mr. McBride says.

Independent agencies also have the flexibility to take risks, such as taking equity in a startup company. "I know situations where independent agencies have had arrangements where a portion of the compensation would be in warrants," Mr. McBride says. "The agency would be given an option to buy stock somewhere down the road at a fixed price. A large network organization can't even consider that. It would be too complicated. It's too risky."

According to Ed Goble, CEO, his agency has two such arrangements. "We have two clients that are startups, and we are a significant investor in both. I would have hated to present that business plan to a corporate CFO. Instead of billing these clients, we're going to share the risk with them via their stock upfront. Hopefully down the road when the companies begin to prosper or get purchased we'll make some money. We haven't made a penny yet, but we're right there with them, and that makes it very interesting."

It's this kind of flexibility, says Don Phillips, principal and president of Ted Thomas Associates, a unit of Vox Medica, that allows his agency to focus on its customers.

"Being independent allows us to identify what the client's needs are and we can customize a support program that really meets their needs," Mr. Phillips says. "One of the advantages of being an independent company is that we can be very flexible in how we

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allocate our resources and how we apply those to our clients' needs."

Independent agency presidents can take a risk in taking on a client that may or may not pan out. "We can take a risk with some of the creative and some of the other activities, which depending on the larger corporation, may not be encouraged," says Al Topin, president of Topin & Associates. "There is a streak of independence in terms of what we do and want to do that we probably couldn't accomplish if we had to send a check to mother every month. Not that the networks don't give you a chance to run your own business, the agency just doesn't have total financial control."

Every agency has a vision as to how the business should be run and without exception that vision includes doing what's right for their customers.

"One of the reasons that we started the business and to be independent was so that we could do what we think is right for our clients and for the business," says Ahnal Purohit, president and CEO of Donahoe Purohit Miller Inc. "We like what we do and we don't have to worry about the bottom line. Being independent, we can make our own decisions in terms of how we want to run the company, how we should be profitable, how we should serve our clients, and what our philosophy should be."

Being fiercely independent speaks to two things for Mr. Winigrad. "One is our commitment to always bringing an independent point of view to our clients. And two, what we consider to be part of our personality, which is a fierce commitment to optimizing brand potential. We are working very hard to create a culture and an environment that is supportive of creative and strategic excellence. By not putting all the emphasis on the bottom line, which is a privilege of being independent, we think we create an environment that is conducive to excellence and high individual performance."

In addition to financial flexibility and risk-taking abilities, being close to clients is a big advantage, say independent agency presidents.

"I like being able to work more closely with clients instead of being hung up with human resource issues and management issues, anything but the client," says Susan Miller, partner of The Cement Works, a startup independent agency.

According to Mr. Finkel, he and Mr. Kane have an opportunity to work very closely with their clients. "We're not just understanding their business needs, but we get to know these people on a personal level. This helps in not just building relationships but understanding the whole dynamics of a particular brand. In a larger network system there is less exposure to the individuals on the teams and to the senior management."

Not only is working closely with clients an advantage, but picking and choosing whom they work with is a definite plus.

"We have the ability to work with clients who we want to work with," Mr. Kane says. "If a client-agency relationship isn't good, we can make a determination not to continue. We can be more choiceful about that, whereas in a network operation there may be cer-

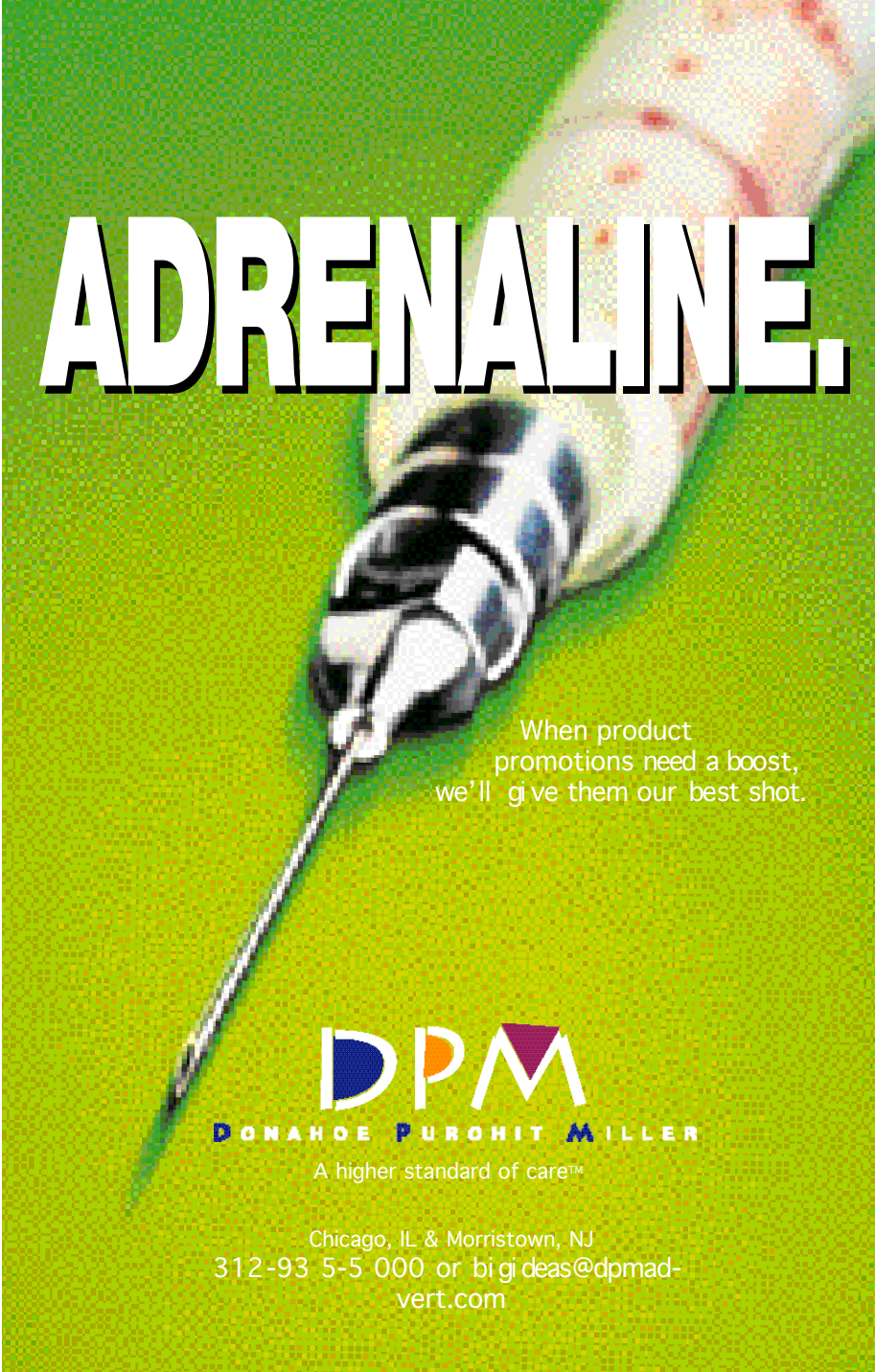
tain obligations from a financial perspective that have to be fulfilled, which maybe forces an agency to work with a client that isn't necessarily a good fit."

## Global Independence

One of the biggest advantages for a network agency is access to global capabilities. To the extent that global capabilities are critical to a client, agencies that are owned by large networks have the perception of having an enormous leg up. Conversely, this perception is one of the biggest challenges that mid-size independent agencies face. Not all independent agencies believe they have the capabilities necessary to support a brand on a global basis, but some have broken through the barrier.

"Our first big win was a global account," Ms. Miller says. "Global is a hot button. Having global capabilities is more important than having a med-ed group or a Web group."

For independent agencies, overcoming the perception of perceived size and capabilities to



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get invited to the party for a global pitch can be a tough sell. "It's not impossible for an independent agency to operate in the global arena," Mr. McBride says. "It's just much more difficult. We operate in a global market. Agencies

really have to be able to compete globally to be effective and to compete against the huge global holding companies that encompass all communication disciplines. This is one reason why many of the independent agencies have aligned

themselves with networks. They were losing global clients and they felt they would not be able to compete long term if they didn't have the global support."

Not having a physical presence in all markets, doesn't necessarily prohibit agencies from doing good strategy and good creative for a global assignment, some agency presidents say.

"Goble & Associates does a lot of international business, we've launched a lot of hospital and pharmaceutical products in countries around the world, all through our one office in Chicago," Mr. Kuchta says. "Electronic communications have made the world much smaller and made it much easier to communicate and do business internationally."

Global clients, according to agency presidents, look for sound strategic thinking and the ability to develop strategy and positioning that works worldwide. "Clients are not necessarily looking for global implementation," Ms. Goodheart says. "Most clients have local affiliates or country managers who work with local agencies. The idea that a client has to have an agency in every country doesn't really

make sense. Dudnyk is competing on a global basis. Many of our new assignments, from current clients and new clients, have been international and global in nature."

According to some network agency president, independent agencies currently competing on a global basis may find it more difficult in the future as clients more finely define their own global strategies. Mr. Winograd, however, is confident that his agency can compete effectively on a global basis.

"When push comes to shove, the team that the agency brings to the client, regardless of how large the agency is, is a core group of people," Mr. Winograd says. "A client may work with an agency that has 500 people, but certainly 500 people are not working on their business. We feel we have, and will continue to, compete very effectively against the larger groups. We compete globally, we are in the midst of competing for a global launch."

Network agencies have the advantage of being able to call on sister agencies around the world for resources. Increasingly, independent agencies are creating ad hoc alliances of their own. Independent agencies are coming together to support one another to try to offset the network advantage.

Ribotsky Worldwide has just been named the exclusive U.S. healthcare agency of IN — a global network of independent communications agencies with headquarters in Paris. The IN Network has 2,200 employees and bills more than \$1.5 billion globally.

## In Harmony

The **Gerbig, Snell/Weisheimer** family of companies, one of the largest independent communication organizations in the world, has a new identity: **inChord Communications Inc.**

The new brand allows inChord Communications to create a greater awareness of its broad spectrum of capabilities and its demonstrated ability to deliver those services seamlessly across company lines. Ownership and management of the company remains the same. inChord is led by R. Blane Walter, chairman and CEO; Kenneth T. Stevens, president and chief operating officer; and Christopher J. Snell, president of creative services.

The six specialty communication companies under the inChord umbrella each maintain its individual brand and identity. They include:

- Blue Diesel – an interactive and Web development agency, Columbus, Ohio
- Creative Healthcare Solutions – a product management outsourcing firm, Scottsdale, Ariz.
- Gerbig, Snell/Weisheimer – a full-service advertising and public relations agency, Columbus, Ohio, serving both North America and Europe
- Health Process Management – a data analytics and management firm, Doylestown, Pa.
- Palio Communications – a full-service advertising agency, Saratoga Springs, N.Y.
- S.G. Madison – a medical education and communication firm, in Irving, Texas

"A lot of communication companies are talking about integrated or holistic marketing, but the reality is that most of them aren't living up to the promise," Mr. Walter says. "Our organization is different because our companies were strategically designed and built to work in coordination. Integration isn't a new idea to us – we've been delivering customized marketing solutions to our clients for years. Now we have a brand that reflects our behavior."

According to agency leaders, the new identity was created after a comprehensive branding process that included extensive industry, client and trademark research.

"Our research confirmed what we already suspected – that clients are looking for a marketing partner that can address their broad range of needs, not just provide one or two services," Mr. Stevens says. "They want to be able to access those services quickly and easily, without having to constantly re-educate new team members. inChord is designed to meet that need by providing a variety of marketing solutions through a single point of contact." The name inChord reflects the company's philosophy of working in coordination.

"Although our companies each have different areas of specialty, they often come together and work in coordination to form comprehensive marketing programs for our clients – much the same way that different musical notes come together in harmony," Mr. Snell says.

Within its group of companies, inChord has more than 525 employees.

### INCHORD'S COMPANIES

Blue Diesel  
Creative Healthcare Solutions  
Gerbig, Snell/Weisheimer  
Health Process Management  
Palio Communications  
S.G. Madison

"We joined IN because we know it will allow us to retain our independence and continue to offer our clients the very best in creative, strategic thinking, and overall service," Mr. Ribotsky says. "Members of the IN Network are bold and innovative companies and are motivated to work with our clients to provide aggressive on-the-ground communications support and implementation worldwide."

"I'm not adverse to creating an independent network or an ad hoc network with agencies overseas, in fact, it is something that we are investigating for the few global accounts that we are working on." Ms. Miller says.

As much as some independent agency presidents would like to compete for a mega-global brand, they are realistic about their agency's capabilities.

"As much as we might be flattered, and as much as we might consider pitching for a global launch of a major pharmaceutical product, we have to be realistic about what the client's real needs are," Mr. Topin says. "But, I wonder sometimes what a global network looks like, other than being united by mother. The agencies are often a bunch of independent offices that are covering their own turf, and are not well coordinated, but it doesn't always look that way to the client."

"Could we compete to be advertising agency of record for a multibillion dollar new anti-asthma drug?," asks Mike Scott, principal and executive VP, new ventures, of Vox Medica. "If we had the opportunity, I'm sure we would go. But would we realistically think we had a chance of getting the assignment? I don't think

so. From a different point of view, increasingly there are a number of products that come to market, each of which requires special skills and special knowledge. I don't think most of the companies care who does that business, from a corporate point of view. What those clients care about is that they get value for their money and that the communication skills they need are specific to that product and that market. I certainly don't think there's any reason why an independent company can't do that just as well as a network."

## Creatively Independent

Many independent agency presidents tout their ability to be innovative in their strategies and business plans.

## Taking a Creative Chance

The Hal Lewis Group Inc. developed an award-winning campaign for its client Berlex Laboratories Inc. The catch was convincing the client to find the money to support the brand. Hal Lewis' "Clearly Climara Apples and Oranges" one-page journal ad was developed late 2000/early 2001.

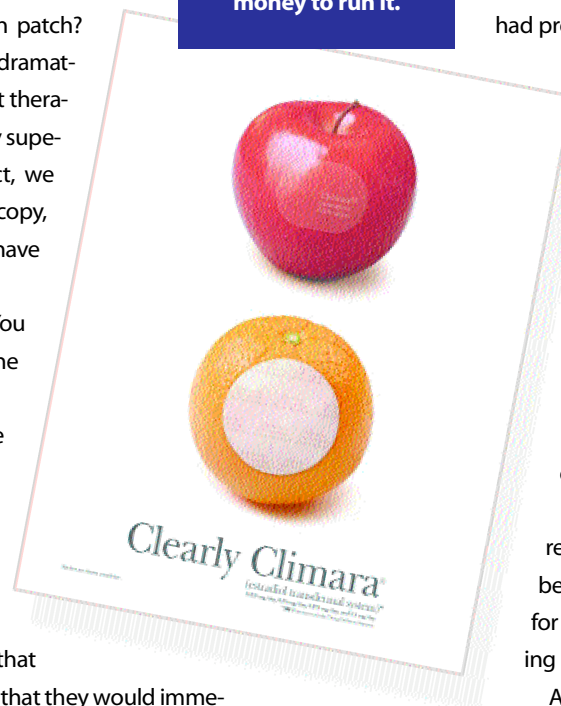
Hal Lewis' creative management approached Berlex marketing management with the following proposal:

"What if we could produce a one-page journal ad that would allow physicians and pharmacists to comprehend instantly the physical, cosmetic differences between Climara and the Mylan patch? The ad would be quick and simple, yet dramatic and hard-hitting. It would also respect therapeutic equivalence and refrain from any superiority claims over the generic. In fact, we envision an ad with only two words of copy, 'Clearly Climara'; so we shouldn't even have to run any balance in the ad."

Berlex's management responded, "You give us an ad like that, and we'll find the money to run it!"

The Hal Lewis art director for the product was given the challenge of developing graphics that would play on the double-entendre of the copy line "transparently" Climara and "obviously" Climara. The agency team need to develop a visual element that would be so recognizable to physicians that they would immediately and without question comprehend the cosmetic appeal of Climara over the generic in a highly memorable way.

**Hal Lewis Group proposes to Berlex: we'll give you an award-winning ad and you find the money to run it.**



Putting Climara on an apple and the Mylan patch, the generic competition, on an orange successfully achieved these goals not only by showing the cosmetic benefits of Climara, but also by taking advantage of the well-known cliché to establish a readily recognizable comparison between the two products without any comparative copy.

Once the ad was completed, it was evaluated with the client through the following criteria: on strategy; stopping power; simplicity; quickly and easily understood; relevance; dramatic; and distinctive. Berlex agreed that the ad was precisely what the agency had promised and ran it as soon as possible.

This journal ad, coupled with strong sales-force promotion, has been highly successful in achieving the strategic imperative of Berlex by holding the generic to under a 24% market share in the estrogen replacement therapy market in 2001. In addition, physicians have shown a highly favorable response to the ad on a personal level. A number of them have hung the ad in their offices or shown it to sales representatives, thus helping increase "face time" in the office.

The evolution and success of the journal ad reinforces the value of a strategic partnership between client and agency and the critical need for the agency to be proactive regarding marketing as well as creative issues.

As a result of such cooperation, Climara still maintains its position as market leader, with unparalleled control over generic intrusion.

“For us the key issue is not about independence it’s about whether we can sustain our innovative drive,” says Rita Sweeney, president and chief operating officer, of Dorland Sweeney Jones. “That’s the advantage to being in our position. We can be as innovative as we can imagine. The job of an agency is to be innovative, whether it’s through the creative or the strategies that we bring clients.”

Thinking outside of the box is something that Kane and Finkel prides itself on. “We were asked to create an educational concept for one of Merck’s international products. The concept was to build a future for the company’s ophthalmology division. It wasn’t strictly promotional. The company looked at PR companies and medical education companies, so it wasn’t clear cut as to who was going to have the right strategy. What we developed was a plan of action that could be rolled out over the course of two years, which could enable Merck to strengthen its presence in that marketplace in a very medically credible way. The plan helped our client win the best marketing plan of the year within the Merck division. We stepped outside the promotional comfort zone to find something unique about the brand and about the market that was arresting to the ophthalmologists.”

According to Mr. Topin, for clients who are willing to take “the perceived” risk of hiring a shop that is not on the New York Stock Exchange can often a bigger payout — much more energy, much broader thinking, not formula thinking, in putting together a program that works.

Being independent and smaller was a prerequisite for one of Newland & Associates’ clients.

“Our largest client, Aventis Behring, previously worked with two very large agencies that were part of major networks,” says Ned Newland, founder, president, and CEO of Edward Newland Associates. “Each agency was responsible for a separate division of Aventis Behring. At some point the client made a strategic decision to identify a smaller agency that could service both divisions.”

Being independent, according to Ms. Sweeney, allows Dorland Sweeney Jones to affect integration of communications very simply.

“We can bring all our people together in one place to determine what’s best for a client,” Ms. Sweeney says. “We can gather people from the public relations discipline or the interactive program discipline or from the medical or marketing communications disci-

pline. In one fell swoop we can put together plans that integrate the communications for a client. I think that’s something we can do versus a multinational conglomerate that is divided into silos.”

For some agencies, being independent, forces innovation. “When we go up against the big agencies, we have to be five to 10 times more innovative,” Mr. Kane says. “Nobody will get blamed on the client side for hiring a big agency, they are all well-known and work with major brands. On the other hand, when we are awarded a piece of business, it’s really due to our unique ability to be innovative and creative.”

The ability to be innovative and creative

and make decisions for the long term, rather than the short term, is especially important for West Coast agencies, says Susan Hempstead, principal, Stratagem Healthcare Communications, which is based in San Francisco.

“The West Coast market houses a lot of biotech companies and a lot of startup companies,” Ms. Hempstead says. “We have to be able to recognize which ones are going to be the winners in the long run. As an independent agency, we are able to take on clients that may be below typical budget thresholds initially — but we know they will be winners in the longer term.”

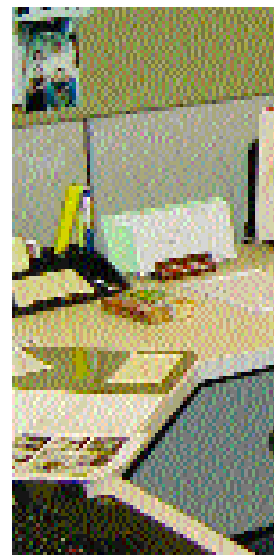
“There’s a more diverse client base out here,” she says. “The market is very heteroge-

## Outside Opinions



What’s the difference between a visionary and a dreamer? A dreamer thinks about it all the time, **a visionary** gets his or her hands dirty.

GIL BASHE,  
HEALTH!QUEST



**I think it will become more difficult for the midsize independent agency** to have the global reach to do global opinion leader development, global publications, and Pan-European programs in terms of education.

BOB MURATORE, KPR

The concept of supporting our clients’ commercial efforts from cradle to grave resonated extremely well with them.

**The network offers continuity, consistency, efficiency**, ultimately it offers the potential of competitive advantage for them in the marketplace.

BRUCE LEHMAN, LEHMAN MILLETT





neous and there are lots of opportunities. Budgets on the West Coast aren't what they are on the East Coast, but I believe that means we just have to work smarter. Because there isn't as much money to throw against launches, we have to plan more smartly. That's my West Coast bias. It's a different environment here on the West Coast, and we need to understand it to be successful."

### What Price Independence?

Flexibility and agility are all pluses for independent agencies, however, there are some disadvantages to not belonging to a network. Most independent agency presidents say the

biggest downside is not having access to all the resources an umbrella group might be able to provide. "Being independent makes it harder to finance new ventures," Mr. Scott says. "We are operating off our own revenue stream. We don't have millions to invest in new ventures."

"One of our goals is to concentrate on growth in an organic manner," says Yvonne D'Amelio, principal and chief financial officer, of Vox Medica. "We wanted to maintain the flexibility, primarily from a financial standpoint, as well as from a point of self-accomplishment. We had our own ideas and we wanted to be able to make our own decisions on what kind of investments we would make. We didn't want to have someone controlling that."

According to Ms. Purohit, her agency has enough resources as far as talent is concerned but they realistically don't have the resources that an Omnicom group of companies would have, for example, and the support they may have from each other.

"We have so many great ideas for new services that we sometimes strain our resources to implement them," Ms. Sweeney says. "For example, when we saw opportunities in California we opened an office there. It would have been lovely to have someone along side of us saying, we'll take care of this or we'll take care of that. Another example, is we are developing a cutting-edge knowledge management system. The process is very laborious and we



For the work we wanted to accomplish, **we thought Topin would be perfect.** It gave them an opportunity to get their foot in the door, and **we thought they could be an agency that we can grow with.** While we work with a larger network agency for another brand, we decided not to go in that direction because of the scope of work we were assigning. We didn't want to be a very small fish in a very large pond. We didn't want to get lost in the shuffle.

REGGIE BOWERMAN, MGI PHARMA

**There are three things in the agency business: people, product, and profit.** Those are the three components that have to be managed. Different agency models have different priorities. In the public agencies, the reality is that profit is No 1; it has to be. Then the choice is people or product. **An independent agency can put people or product first and make profit last.** A publicly held agency could never do that.

JACK MCBRIDE,  
MCBRIDE AND ASSOCIATES



**Aventis Behring chose Newland Associates for several important reasons.** We needed a partner who would really get involved in our business. Not just come in for quarterly reviews or submit an advertising proposal through e-mail. With this midsize agency, I believe our unique business receives much more time and attention than it would with a large advertising firm. Aventis Behring works in niche markets, we make life-saving products for treating hemophilia and primary immune deficiency, as well as for people in critical-care situations. We develop valuable relationships with our patients and it becomes a very personal business. Mass marketing would not work in this environment. Our markets require advertising efforts with a different feel than the much larger traditional pharma campaigns. We want our advertising partners to really understand our market. Newland is not just our advertising agency, but our marketing partner.

JOE PUGLIESE, AVENTIS BEHRING



would love to have pots and pots of money to be able to continue adding bells and whistles to the system.”

For Mr. Winograd, perception is a problem that his agency faces. “The perception is that we’re going it alone and we are therefore at greater financial risk because we don’t have the backing of a large network,” he says. “I’m not sure that really plays out. We have many strategic alliances with other companies, in terms of media and market research, technology, and so forth. We feel these relationships and these strategic partnerships are equally effective and equally as valuable to our clients as the permanent structure of a network.”

Smaller startup independent agencies face somewhat different challenges.

“The pressure is on the partners to grow the agency,” says Allan Trent, president and chief operating officer of Natrel Communications. “We didn’t have anybody helping us out when we started two years ago. We didn’t have a parent company handing us brands or consumer products that can be advertised professionally. We didn’t have anybody coming in and saying here’s the accounting system, here’s the policies and procedures; everything we use had to be developed and started from scratch.”

“That has its good and bad points,” says David Nakamura, CEO of Natrel Communications. “We are free to use anybody we want in terms of service. One of the disadvantages of not belonging to a network is that we don’t have the opportunity to get conflict products. In a network, if an agency has a conflict it can often steer the pitch to a sister agency.”

According to Mr. Kane, a big company can help the agency manage during a sudden change in the economy. “As an independent agency, Bob and I are responsible for our own finances. We started this agency without any backing, we did it all by ourselves. So if something changes suddenly, we don’t have the deep pockets of a big company to cover our payroll for the next six months.”

Agencies that are part of the big network organizations have a lot of resources, in addition to financial, they can access — medical education, marketing research, media placement, etc.

“For us, it’s hard to offer all those services,” Mr. Trent says. “We can offer the core services, the advertising, media placement, and Web development. Right now, we can’t say we have an enormous marketing research department at our disposal.”

Ms. Hempstead and her two partners start-

ed Stratagem four years ago. “Initially it was a little like diving off the high board and hoping there was water in the pool,” she says. “Fortunately, we found ourselves in the deep end of water, so it’s been a good four years. The market’s been very responsive to what we offer.”

Many of the independent agencies that have been in business for a number of years have lived through the growing pains experienced by some of the startup smaller agencies.

“There are some clients that want a particular size agency, type of agency, experience in a therapeutic area, and when we show up we win more than our fair share,” says Blane Walter, chairman and CEO, of inChord Communications.

“I wouldn’t want to be a small independent, but I’m very happy to be the largest independent.”

According to Mr. Stevens, smaller independent agencies face disadvantages in their ability to attract resources to do the kind of work that inChord is capable of doing because of its size.

“With the size and geographic scope that we have developed that challenge has pretty much gone away,” Mr. Stevens says.

According to Mr. Walter, across all 90 of the agency’s clients, more than 50% are using two or more services. “The majority of our clients have recognized the synergy of working that way,” he says. “For example, one client is using Health Process Management, our data analytics company, to do targeting and designing of observational trials and Blue Diesel, our interactive company, to capitalize on how we receive and transmit the data. GSW, our branding company is determining how to roll that information out, and S.G. Madison, our CME company is working on how to teach physicians about what we are learning from that data. There is no other network, that I’m aware of that could have pulled that program together, in such a short period of time.”

## An Independent Niche

Growth for independents is possible through acquisitions such as the inChord model or through specialization.

“We are a full-service marketing and advertising agency for several clients,” Mr. Newland says. “One of the ways that ENA has been able to make a name for itself has been by doing significant projects for big pharma clients. We’ve earned a very good reputation for being creative and infusing that creativity into their existing core programs. For example, AstraZeneca uses top 10 agencies to create core programs, but the company will hire us

for convention, patient education, interactive collateral, and direct-mail programs.

“Unlike a lot of other companies that do project work, we bring the resources of a full-service firm and experienced senior-level people to the project at hand,” Mr. Newland says.

According to Rod Mehling, president of Catalyst, small to midsize independent agencies can truly define who they want to be; in fact, they have to.

“If an agency like Catalyst were to try to be all things to all people, it would wind up falling flat on its face,” Mr. Mehling says. “There are certain things we simply can’t do — and therefore we don’t seek to go there at our present stage of development.”

“For example, if you asked today whether we’d like to have Catalyst handle the marketing of Claritin, I’d say no,” Mr. Mehling says. “Perhaps this is surprising, but the fact is that we would not be capable of serving the interests of the product and client well — Claritin has inherent mass audience needs, professional and consumer, that require a different set of resources and structure than Catalyst has. And we’d be the first to say this to a prospective client.”

Mr. Mehling says his agency’s strengths are in targeting specialist audiences. “For example, a different type of product, one that is driven primarily by the physician specialist — an oncology, cardiovascular, CNS, or female healthcare brand for example — Catalyst can do an outstanding job,” he says. “In fact, it is no boast in my view to say that we can do this better than most, if not all, of the large, conglomerate agencies. This is because Catalyst is structured to reach the physician specialist. We’ve accomplished this by recruiting our own talented specialists from multiple disciplines — advertising, promotion, medical education, and clinical sciences — and organizing them into a truly integrated environment — a single profit center. The result is an integration that, pre- or post-approval, provides sophisticated, science-based marketing that really reaches the physician specialist.”

## An Independent Future?

“We’re in our third year,” Mr. Nakamura says. “Down the road we might consider selling, but that would be more of an exit strategy. Selling at this point is a future consideration. We may or we may not, in fact, we may even have internal people who might be interested in carrying on the agency at that point.”

Selling the agency changes the dynamics, which is something most agency presidents would rather not do. “The network would have to prove to me that it would enhance the work that we do and would allow us to operate independently,” Mr. Ribotsky says. “They are trusting in me that they will get what I believe is

**The lure of consolidation to an umbrella network continues to be a viable option for many independent agencies, however such a strategy would have to entail an offer that meshes with the agency’s philosophy.**

the best possible product and response from our people. And if that goes away, we risk the clients going away. I've spoken to a few people who have been purchased, and what they've told me is that the president becomes a CFO reporting to a parent company."

According to Mr. Topin, he is open to discussion, but so far it's been to the agency's advantage to remain independent. "We have a certain amount of pride and success in building our own thing and our own brand name," he

says. "We have to consider alternatives, which is both our ability to buy somebody as well as look to other funding. We feel we can meet our goals to continue to be a growing, prominent midsize shop offering services through our own funding. It's not as easy as being able to go to mother for a loan, but mother also expects a payback almost immediately."

Like Mr. Topin, Ms. Sweeney says her agency has had conversations about selling. "Quite frankly, so far nothing has come along that's

compelling enough for us to give up our independence. There is no such thing as never, but it has to be a very special set of circumstances."

Ms. Goodheart agrees, "There doesn't seem to me to be any reason to sell. So far nobody has been able to come in and give us a great reason on how they would benefit our clients."

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PharmaVoice welcomes comments about this article. E-mail us at [feedback@pharmalinx.com](mailto:feedback@pharmalinx.com).

## Experts on this topic

**GIL BASHE** CEO, Health!Quest Global Communication Partners, Metuchen, N.J.; Health!Quest is a global communications network

**REGGIE BOWERMAN.** Director, marketing, MGI Pharma Inc., Bloomington, Minn.; MGI Pharma is a pharmaceutical company

**YVONNE D'AMELIO.** Principal and chief financial officer, Vox Medica Inc., Philadelphia; Vox Medica is an independent healthcare communications company

**BOB FINKEL.** Principal and chief creative officer, Kane and Finkel Healthcare Communications, San Francisco; Kane and Finkel is an independent healthcare advertising agency

**ED GOBLE.** Chairman, CEO, and founder, Goble & Associates Inc., Chicago; Goble & Associates is an independent healthcare advertising agency

**NINA GOODHEART.** President, Dudnyk Healthcare Group, Horsham, Pa.; Dudnyk is an independent healthcare advertising agency

**SUSAN HEMPSTEAD.** Principal, Stratagem Healthcare Communications LLC, San Francisco; Stratagem is an independent healthcare advertising agency

**JOHN KANE.** Principal and managing director, Kane and Finkel Healthcare Communications, San Francisco; Kane and Finkel is an independent healthcare advertising agency

**JOE KUCHTA.** President, Goble & Associates Inc., Chicago; Goble & Associates is an independent healthcare advertising agency

**BRUCE LEHMAN.** President and CEO, Lehman Millet Inc., Boston; Lehman Millet

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**SUSAN MILLER.** Partner, The Cement Works, New York; The Cement Works is an independent healthcare advertising agency

**BOB MURATORE.** President and CEO of KPR, New York; KPR is a healthcare advertising agency, which belongs to the Omnicom Group of Companies

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**DON PHILLIPS.** Principal and president, Ted Thomas Associates, a unit of Vox Medica Inc., Philadelphia; Vox Medica is an independent healthcare communications company

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