Pedersen & Partners
EXECUTIVE SEARCH

Bring it on home: understanding creative in-housing and ensuring best in class leadership

In a recent Bannerflow survey[1], 90% of brand clients are confident about taking the step to go in-house. Brand owners are reaping the benefits of ditching marketing agencies and moving more and more of their digital operations in-house, with nearly three-fifths (58%) of the surveyed client marketers witnessing a positive return on investment from the switch, including enhanced use of data, greater collaboration, improved efficiency, and boosts to creativity. Of the client marketers who observed an increase in ROI, 74% report that their level of creativity had been strengthened, 56% have set defined KPIs in place for creativity, and 83% have implemented a creative management platform.

The global pandemic has accelerated e-commerce growth globally, and brands in sectors such as FMCG are seeing rapid increases in online orders, which has prompted a ten-year growth spurt in an eight-week period. Subsequently, the need to in-house e-commerce marketing and CRM has become a priority.

Brands are showing successful in-housing in numerous areas, and as a result, businesses are developing their in-house teams and adapting their external digital marketing requirements from experts and agencies.

Businesses list increased transparency, cost-saving and greater agility as the top three benefits of in-housing, and over a third also listed greater control over brand messaging and creativity. ▶

Why in-house?

In-housing is transitioning from a trend to an established way of working. To better understand its growing popularity, it helps to see in-housing as a continuing process rather than a one-off event, and as a product of our culture of self-sufficiency.

Transparency, control over brand messaging and creativity are cited as some of the biggest reasons to in-house, although the economic savings are also significant. The ROI from in-housing is linked to enhanced efficiency, boosted creativity and improved collaboration within the new team setups, due to improved relationships with a new breed of agencies and renewed control over data.

Finding leaders, building teams

A 2018 study by the ANA[2] found that talent recruitment and retention was a challenge for 38% of in-house agencies. Attracting and retaining world-class talent is a challenge across the marketing industry as a whole, although the appeal of working for clients has grown amongst creatives in recent years.

To gain a picture of the skills and resources missing from in-house teams, marketers who cited 'lack of existing talent and skills' and 'lack of resources' were asked to list the capabilities that are unaccounted for. The responses showed ▼

"The percentage of retail done on digital channels has gone up one percent each year. And as of 2020 it was at 18%, and then in eight weeks it went to 28%! We had a decade in eight weeks."
Scott Galloway, July 2020

[1] State of In-housing 2020 report, Bannerflow
[2] The Continued Rise of the In-House Agency, October 2018, ANA

that one-third are missing digital marketing knowledge, followed by creative thinking and organisational skills. This explains why there are several in-housing models for brands to use, as teams look to fill the gaps they are missing with support from creative agencies and experts who are skilled at organising teams.

There is a wide headcount range for in-house teams. The ANA research found that a plurality of in-house agencies (35%) have 5-25 full-time people on the team, with 16% having fewer than 5 people. At the higher end, 15% of agencies have 26-50 people, 13% have 51-100 people, and 11% have 101-200 people. Only 5% of in-house agencies employ more than 200 full-time personnel.

In-house teams vary widely in headcount. According to the Bannerflow research, a plurality of brands have between 11-20 people (40%), followed by 6-10 people (32%), 1-5 people (22%) and 20+ people (6%).

In-house teams also show a range of skills and creative competencies when it comes to deliverables. According to the ANA research, at the top end, 88% of in-house production teams are capable of making web videos, and 85% can create internal corporate communications. This drops to 59% of teams able to produce animation, 57% capable of making responsive content for social media, and 56% able to produce sales videos. However, only 25% of in-house production teams are capable of making broadcast-quality TV commercials, and of these, in 2017 only 28% produced more than 20, 25% produced between 5 and 20, and 47% produced fewer than 5.

It is clear that many creative teams feel they can take on some but not all the complexities of in-housing, and for this reason 90% of respondents continue to work with external agencies to some degree. In addition to their wider range of skills and higher capacity, external agencies are also able to complete more complex jobs and support teams in specialised areas, either as part of an internal team or as an external partner. This corresponds to the ANA report's finding that the top two challenges for in-house agencies are managing workflow due to increased demand, and efficient scaling and resource management. The Bannerflow research shows that teams of more than 20 people are more likely to adopt a hybrid model, housing the agency in their building alongside internal marketing teams, but that the use of hybrid models has dropped 36% since 2018, with over a third of brands now having full digital competency.

On average, around 58% of work is done in-house, with one-third of the surveyed in-house teams having moved at least three-quarters of their work in-house. Around half of the surveyed brands have already in-housed creative strategy, brand identity, social media, and influencer marketing. Moreover, some 60% of content marketing has now been brought in-house. When it comes to future in-housing plans, digital transformation features heavily, with 40% of brands planning to in-house artificial intelligence, and 38% augmented reality.

While marketers try to figure out how to build in-house agencies with the appropriate balance of skills and competencies, the question of who should lead this new model also deserves attention. The CMO? A senior marketer? The Creative Director?

CMOs are already stretched as the scope of their job continues to expand, and do not have the time to attend to the constant stream of process and production issues that agencies face every day. Marketers with no agency background struggle to understand how to get the best creative output from their in-house team. Creative Directors without corporate experience will find it frustrating to negotiate the priorities set in the boardroom.

What makes a great in-house leader?

Successful leaders of in-house agencies will possess the unique DNA of being able to speak

the language of both the commercial and creative sectors of the business. They will have the respect of the C-suite as they translate corporate mandates into strategy and action, defend agency boundaries and motivate teams to produce great work.

Sourcing such a leader is not quite a unicorn hunt, but neither is it as simple as expecting strong results to automatically transfer from one environment to another. An executive who gets results in a particular field does not necessarily have the skills to lead others to the same success.

C-suite leaders looking to hire for in-house leadership roles should look for three key skill sets:

- Understanding the creative and corporate process: A leader who can develop a common vocabulary that both corporate and creative teams can understand is crucial to the success of any in-house agency model. According to Project Aristotle, Google's study into effective teams, psychological safety is the most important characteristic of top-performing teams, and the way to develop trust is by creating mutual understanding. This could be the ability to translate the details of an earnings call for a media-buying team, or to justify agency costs to a CFO when the marketing spend is dramatically decreased. Clear communication on both sides will prevent vague or inadequate briefs, and ensure alignment on strategies and KPIs.

- Clear definition of roles: Strong in-house leadership is needed to maintain and defend a critical distance between marketers and in-house agencies, while juggling complex relationships with external partner agencies. At the start of 2019, Unilever had 18 U-Studios, co-located with marketers in 15 countries. This kind of close proximity provides easy access to creative talent and enhances the speed, quality, cost and agility of work. On the other hand, it also makes teams vulnerable to scope creep and exposes them to unplanned demands on their resources, which can lead to burnout.

- Truly understanding the nature of the creative process: Creatives within in-house agencies love the opportunity to see their creative work applied across all categories. They also appreciate the fast decision-making and shared agenda that comes with working for the same company. With in-house agencies, there is less client confrontation, as everyone is looking to achieve the best results for the business. The major challenge for any in-house agency leader is the lack of motivation and decrease in creativity that can arise as a result of a flat business structure. As staff are focused on servicing a limited portfolio, it is important for leaders to bake creative diversity and tension into their agency model at the outset.

In-housing will continue to evolve, developing new models, skills and agency relationships, and accelerated by the clear benefits of creative expertise, cost savings and confidentiality. Technology and data are clear enablers for creativity, and as the adoption of digital tools boosts efficiency, time becomes less of a limiting factor.

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