

CASE FOR ANALYSIS | Aquarius Advertising Agency¹⁰⁰

The Aquarius Advertising Agency is a medium-sized firm that offered two basic services to its clients: customized plans for the content of an advertising campaign (e.g., slogans and layouts) and complete plans for media (e.g., radio, TV, newspapers, billboards, and Internet). Additional services included aid in marketing and distribution of products and marketing research to test advertising effectiveness.

Its activities were organized in a traditional manner. The organization chart is shown in Exhibit 3.23. Each department included similar functions.

Each client account was coordinated by an account executive who acted as a liaison between the client and the various specialists on the professional staff of the operations and marketing divisions. The number of direct communications and contacts between clients and Aquarius specialists, clients and account executives, and Aquarius specialists and account executives is indicated in Exhibit 3.24. These sociometric data were gathered by a consultant who conducted a study of the patterns of formal and informal communication. Each intersecting cell of Aquarius personnel and the clients contains an index of the direct contacts between them.

Although an account executive was designated to be the liaison between the client and specialists within the agency, communications frequently occurred directly between clients and specialists and bypassed the account executive. These direct contacts involved a wide range of interactions, such as meetings, telephone calls, and e-mail messages. A large number of direct communications occurred between agency specialists and their counterparts in the client organization. For example, an art specialist working as one member of a team on a particular client account would often be contacted directly by the client's in-house art specialist, and agency research personnel had direct communication with research personnel of the client firm. Also, some of the unstructured contacts often led to more formal meetings with clients in which agency personnel made

presentations, interpreted and defended agency policy, and committed the agency to certain courses of action.

Both hierarchical and professional systems operated within the departments of the operations and marketing divisions. Each department was organized hierarchically with a director, an assistant director, and several levels of authority. Professional communications were widespread and mainly concerned with sharing knowledge and techniques, technical evaluation of work, and development of professional interests. Control in each department was exercised mainly through control of promotions and supervision of work done by subordinates. Many account executives, however, felt the need for more influence, and one commented:

Creativity and art. That's all I hear around here. It is hard as hell to effectively manage six or seven hotshots who claim they have to do their own thing. Each of them tries to sell his or her idea to the client, and most of the time I don't know what has happened until a week later. If I were a despot, I would make all of them check with me first to get approval. Things would sure change around here.

The need for reorganization was made more acute by changes in the environment. Within a short period of time, there was a rapid turnover in the major accounts handled by the agency. It was typical for advertising agencies to gain or lose clients quickly, often with no advance warning as consumer behavior and lifestyle changes emerged and product innovations occurred.

An agency reorganization was one solution proposed by top management to increase flexibility in this unpredictable environment. The reorganization would be aimed at reducing the agency's response time to environmental changes and at increasing cooperation and communication among specialists from different departments. The top managers are not sure what type of reorganization is appropriate. They would like your help analyzing their context and current structure and welcome your advice on proposing a new structure.

EXHIBIT 3.23

Aquarius Advertising Agency Organization Chart

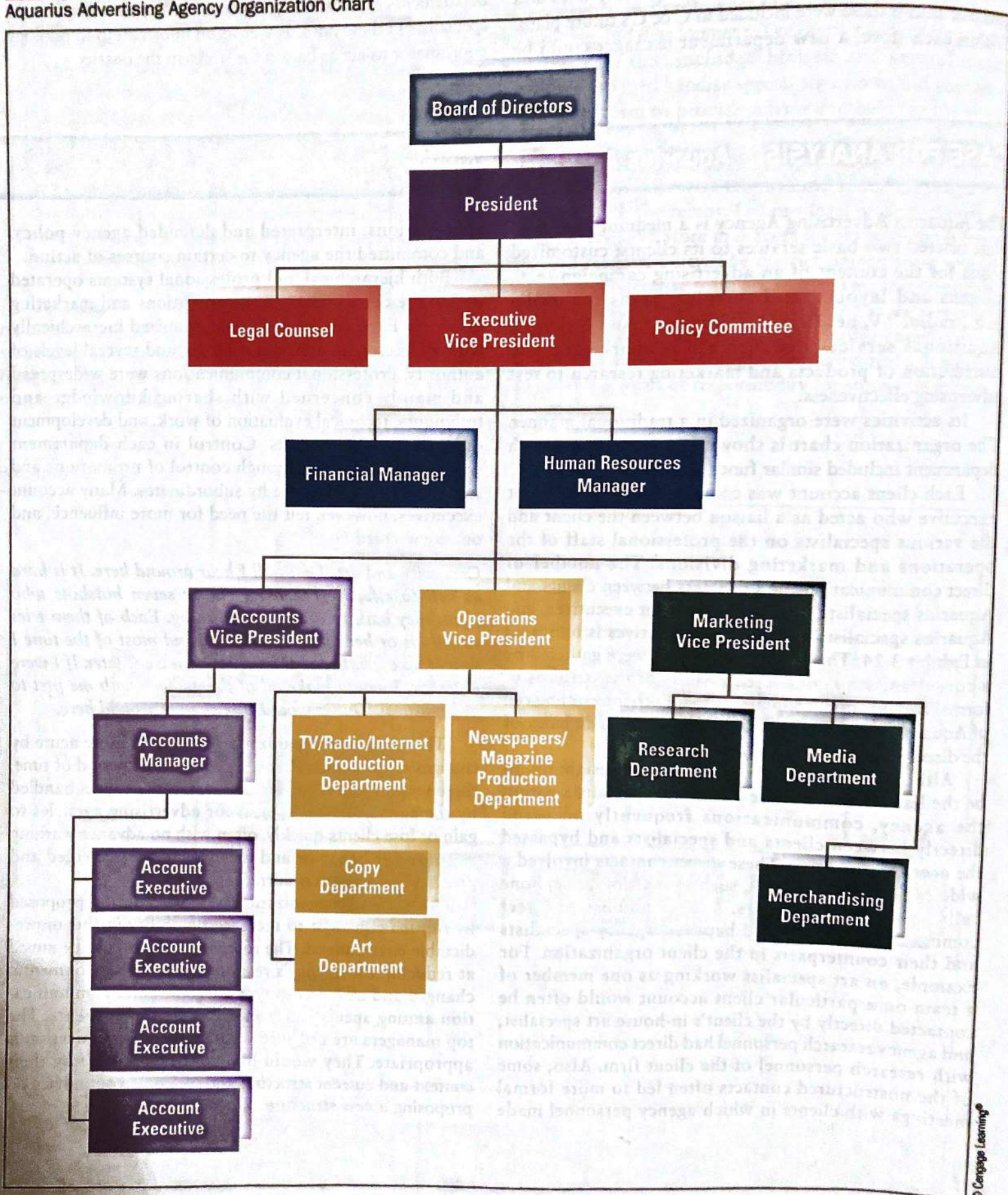


EXHIBIT 3.24

Sociometric Index of Aquarius Personnel and Clients

F = Frequent—daily

O = Occasional—once or twice per project

N = None

	Clients	Account Manager	Account Executives	TV/Radio Specialists	Newspaper/Magazine Specialists	Copy Specialists	Art Specialists	Merchandising Specialists	Media Specialists	Research Specialists
Clients	X	F	F	N	N	O	O	O	O	O
Account Manager		X	F	N	N	N	N	N	N	N
Account Executives			X	F	F	F	F	F	F	F
TV/Radio Specialists				X	N	O	O	N	N	O
Newspaper/Magazine Specialists					X	O	O	N	O	O
Copy Specialists						X	N	O	O	O
Art Specialists							X	O	O	O
Merchandising Specialists								X	F	F
Media Specialists									X	F
Research Specialists										X