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Executive Search & Board Advisory

## **“YOU BROUGHT THE MAP, DIDN’T YOU?” A TALE OF THE QUEST FOR NEW REVENUE FRONTIERS**

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If anyone hasn't already noticed, we currently live in a zero growth economy. The tide is not rising and the ships are not lifting. We all need new avenues of growth – new markets, new revenue streams and new approaches to business. Continuing to do the same things, the same way, with the same tool kit, will most certainly lead to the same outcome, which in turn will likely result in a continued reversal of fortune.

Take for example the professional services industry. In pursuit of new revenues, many of the large professional service firms have begun to focus on client marketing budgets as fertile new territory. Companies with large marketing spends seem to be responding to the promise of greater accountability and effectiveness. This is completely understandable. When Artificial Intelligence (AI) really kicks in, large audit practices along with their revenues will disappear faster than the finger sandwiches at a CPA event.

However, this will need to be very well thought through and carefully executed. There are significant risks associated with all expansion, with the potential to walk into a jungle without the right map, and end up with a significantly sub-optimal result. After all, reputation and the maintenance of a ruthlessly focussed culture is important to all business.

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Even a five percent damage bill to the reputation and brand equity of the Big Five would be roughly equivalent to the total value of the global advertising industry, particularly at government levels. Rumour or not, the speculation that some embarrassment may have been caused by the recent Meat and Livestock Australia ad campaign, created by Accenture owned agency The Monkeys, by complaints from the Australian and Indian governments, may be the first example of two worlds colliding. A terrific piece of creative brand communication, but maybe thought a little less of by the leadership of the mothership. Unless everyone treads very carefully, this may end up as a major clash between the traditional bastions of left-brain and right-brain thinking. A battle that is unlikely to be won by anyone, and with the potential to make the desired one plus one outcome struggle to even get to two.

There is no question that greater levels of accountability are essential to the ongoing survival of the advertising industry. Eight and even nine figure cost lines stand out like the proverbial on any company's budget, and management have an obligation to question and test them. Unfortunately, the media and advertising industries have been too slow to respond in addressing these concerns, which has opened the door to pretty severe but justified scrutiny. Even online advertising is beginning to face the same questions, with significant studies around the world suggesting that the great marketing hope of the past decade may not be as effective as previously advertised.

Big data collection and analysis is beginning to take centre stage in the pursuit of more accurate and accountable marketing communications, but its application to strategy and tactics at the coal face has been largely disappointing. Undoubtedly, this will improve but big data is only a small part of the answer. Actuaries have a role to play, but they will not be responsible for building big brands or make top line revenues zing.

So, everyone finds themselves in a bit of a muddle. The advertising industry is going backwards largely due to a lack of accountability. Professional services firms desperately need new sources of revenue in new sectors, and the use of big data only begins with an undoubtedly intriguing spreadsheet. Truth is, all of these elements are absolutely critical to the development and more importantly, implementation of a robust and effective business plan. There is a role for all of them but be very careful which role that is. Identifying at what point you can add value, not subtract it, will be the difference between inspired expansion and folly.

The big question is – how will this puzzle be put together and by whom? The left-brain extremist or the right-brain zealots? The clear answer is neither. It will be solved by individuals in all these sectors, including clients, who have the rare ability to naturally switch between left-brain and right-brain thinking, and have a full appreciation of what both have to offer in the pursuit of commercial growth. They are a rare breed but they do exist. You may already have one or two in your organisation, but if you don't you need to get out and find some. Accountability in spend and success at the till cannot be mutually exclusive. In any business, only the right combination of leadership and human capital will take home the chocolates. With a few of the right 'laterals' around you, the prize could be yours.

Ian Smith, Partner, Blenheim Partners.

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- Non-Executive Director Search;
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- Executive Re-Engagement / Transition.

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