

AAAI Lifetime Achievement Award

Sam Balsara's ACCEPTANCE SPEECH

Taj LandsEnd November 25, 2009

Thank you Madhukar, Sundar, Colvyn and everyone at the Executive Committee of AAAI and the Advertising Industry for according me this honour. I must confess I didn't realize when I accepted this award that it's going to be so much work:

- Talking to Media about my past; about my successes and failures and**
- Now I have this request from AAAI that I should speak to you for 45 minutes**
- And acknowledging the huge number of letters, mails and smses that I have got from my clients, friends and well-wishers.**

An interesting sideline of these communications has been that 50% of them said the award has come several years too late and another 50% said, it's too early to give you this award and it should have been given a few years later. I don't know who is right, but one thing I like to clarify that this award does not mean I am thinking of retiring any time soon.

And by the way how old do you think I am? 58 to be precise and not 60 as one channel reported and have 37 years of work experience in marketing and advertising behind me and not 40 as another publication reported. It's ironical that I am quibbling over over-reporting my age or my work experience by a few years, when it was only sometime ago, when I had 8 years of experience, I would to round it off and say almost 10 years. Colvyn tells me that I must reflect on my past and share my thoughts with all of you. Yes, it's been an exciting, varied journey, a roller-coaster ride with adequate doses of trials, tribulations, challenges, highs and lows with measured spoons of success.

I am a slow, steady, patient kind of guy, willing to put in the extra dose of work without expecting anything in return in terms of laurels or money and perhaps this in some measure has contributed to my limited success. Of course, sentiments that today's youngsters, be they in advertising or in any other field would laugh at. It took me 16 years of rich and varied experience to start Madison; Experience of 8 years in marketing with Sarabhais – where I was Brand Manager of Det Cake and later Cadbury which was then a Rs. 20 crore

Company, but with an image several times its size and now its advertising spend is several times its turnover then. And 8 years in advertising with Contract as its founder member and Mudra, then an entrepreneurial small Ahmedabad based agency, to convince myself that I had what it takes to start and lead an agency that would be sustainable and worthy of my working in it. Not so surprisingly a young man who worked in Madison in his first job as an Account Executive for 2 years or perhaps 3, teamed up with a young copywriter, again from Madison, with even less experience to start his own agency. So you can see it takes a lot to get me going.

At Madison, now in its 22nd year, if I look back I think I can see 3 clear phases which we adopted, ofcourse intuitively or commonsensically.

The first phase was the cautious phase. We started Madison with just two clients Godrej with Cinthol Brand and Nelco's Blue Diamond TVs. And for the first 4 years virtually, we did not go after new businesses, not only that, if somebody came to us with new business, we made it difficult for them to accept our terms. In hindsight how ridiculous and stupid could I have got? Or was it wisdom of a dimension that today's world

including me can neither understand nor appreciate. My simple reasoning was I did not want to bite off more than what I could chew and let my worthy and esteemed clients down.

The second phase was the growth phase, started around 1992 – 93, when India liberalized and the realization dawned on me that my philosophy of “Small is beautiful” is not going to hold me in good stead in the new emerging India. Incidentally, I must mention that my decision to start an agency was quite abrupt and was born out of a deep rooted belief that a good agency was a small agency with a few large clients and I felt that I was not the right man to lead Mudra, who by then had acquired ambitions of wanting to be number 1, in terms of size. Again, because I felt that I wanted to be a craftsman in advertising rather than a manager of men and money which one would invariably become, as the head of a large agency. In this phase, Godrej came together with Procter & Gamble (P&G) and we began to interface with P&G for Cinthol and assuredly they thought we had what it takes to handle their brands Vicks and Whisper and therefore encouraged us to talk to DMB&B, who we got in bed with after 2 years of on and off and very tiring discussions, helped along the way substantially by Godrej and P&G and in no small measure, I am sure by my

friend Mohammed Khan, whose agency Enterprise was then tied up with DMB&B and who must have given them a tough time and thought they and their international President John Ferris did not know the ABC of advertising. Right, Mohammed? P&G I must confess in hindsight exposed us to what I may call non-creative advertising that works; and to the technology to be followed in creation of effective advertising. Those were the days of side-by-side demos and cut-aways and product windows and what not and I fell hook, line and sinker for the belief that advertising must sell and advertising that entertains is wasteful. P&G dealt with 4 or 5 agencies then, and those were the heady days of sponsored programmes, and Doordarshan where you earned 10% of the total spend irrespective of whether you handled the brand or not and me having the heritage of Rajni and Buniyaad at Mudra and the agility of a monkey managed to corner a substantial share of revenue from P&G's advertising budget. One fine day when Doordarshan was the reigning monolith and sponsorship of Chitrahaar and Feature Film and Chayyageet could spell the difference between success and failure of brand plans and Zee was just about gaining ground, P&G called me to ask if the concept of a media AOR would work in India? (I asked what is AOR, because I did not know).

To their surprise or even disappointment, I said no, because it's better to have 4 agencies fighting for you to get a disproportionate share of sponsorships than one. Later the C&S scene hotted up further and the time was right for an AOR. Our appointment caused a storm at this august body which is conferring on me the award and we spent hours and hours discussing how AORs would spell doom and how they should be stopped. And the AAAI even passed a rule that only a Club agency can be appointed as an AOR and that an agency to be appointed a Media AOR should handle atleast 10% of the client's business. And Tata Tea our second media AOR, handed over a brand to us for creative because of this. A double whammy. How times change?

The success of our media service convinced me about the benefits of specialization that could accrue to an Advertiser, thereby making the agency offering invaluable. In my view, specialization develops a body of knowledge, systems and processes, which regulate and drive efficiency and build a cadre of people that are proud about their work. In the days when I joined advertising the only qualification required of a media person was that he should be a good honest South Indian with an ability to use a calculator, accurately and

quickly and type even faster so that if the typist did not come, he could put together a 15 page print estimate for the next day morning's meeting. Fast-forward to 2009 to Welingkar's Auditorium and you saw an auditorium full of professionals, cheering and sometimes jeering outstanding and ingenious work of quality that could stand out and be counted as the world's best.

The third phase, marked by the arrival of Lara on the scene has been Consolidation and Diversification into new streams within the communication arena. And a bit more focus on internal systems, processes, standard SNOPs and organization building to ensure sustainability and continue to plug gaps that exist in our specialist units Orbit that we now call Madison World.

I was fortunate to be involved in Reliance Cup, the first time when the Cricket World Cup was to be played in India and Ambanis had bought the entire rights lock, stock and barrel for under Rs. 5 crore. These days, I guess it would cost that much to put a logo on cricketers' underwear. I learnt from Ambanis about big, heavy audacious goals before the term was coined in the western world, but more importantly that,

nothing was impossible and that every job has to be done and done on time. I learnt from the Godrejs' importance of a value system. And from Procter & Gamble (P&G) the importance of a codified process for almost everything including the creation and release of advertising. I am grateful to both; Godrej - Adi & Parmeshwar Godrej for placing their confidence in me in the early days of Madison. And P&G for discovering our unusual and uncanny strengths in media. I have been fortunate to have tough and demanding, but enlightened clients who have taught me much more than what I contributed to them and helped raise the bar at Madison every successive year.

When I look back I have had to do some crazy hilarious and stupid things in my working life. I would count using a toilet in a one story guest house in winter in a small town in Bihar, that was cantilevered outside the room and which had only wooden slats as walls that let biting cold, gusty winds pass through, that virtually numbed me, as one of them. Trying to shoot a film with a prominent celebrity without letting him know that we were shooting a film was another. Getting it on air on Doordarshan in 36 hours from idea, to script, to storyboard approval was another. Having a woman in DD Chennai, shriek and jump up in her chair when my colleague

pulled out a Whisper Wings from her purse was another- all for the noble cause of trying to get a storyboard approved!

I have had my fair share of highs from instituting and running India's first afternoon daily soap 'Shanti', thanks to Bharat Patel's passion for TV, to running Reliance Cup, to instituting the rotating BPL Replay Bug, to becoming the first media agency [in India](#) to win 2 Cannes Media Lions. But I had to remind myself everytime that you are only as good as your last achievement and if public memory is short, our industry memory is even shorter. And among the mother of all "lows" would be the year 1998, when we lost 70% of our income. And it took several years to build it back. But build we did.

MY INVOLVEMENT WITH INDUSTRY AFFAIRS

Let me now move to my involvement with industry matters. You could say that my association with industry started within the first year of my working life. Thanks to Roger Pereira of Shilpi, then which was my agency when I was in Sarabhais . He asked me to contribute a bi-monthly article in SOLUS magazine on marketing. A kind of a scan of the marketing scene. I spent many Saturdays cutting out ads that I liked and

ads on promos that I thought would yield results. I did it with the help of my then girlfriend Homai- she typed all my Bajaj assignments and project reports too. They say the route to a man's heart is through his stomach. Homai, as some of my friends from Bajaj know used a different route! So as you can see from early days I spent a fair amount of my non-working time on matters relating to industry. This early writing under the mentorship of then SOLUS Editor Hafiz Noorani of Geoffrey Manners, God bless his soul! helped me pause, think, reflect and analyze, early in life on matters beyond my immediate work. Some years later I got catapulted into the hot seat of President of The Advertising Club, Bombay and following in the close footsteps of illustrious leaders like Roger, Pheroza, Amol and Mukul, because our then President Sushil Bal decided to abruptly leave office. I must tell you that in those days putting together an event was a lot more taxing or even treacherous, because there was no sponsorship, hardly any money and no event managers or agencies that you could out-source lights, sound, stage, menu, ushers or hostesses to and when I was editor of SOLUS I had to be in charge of content, layout, print and production too! Mercifully I did not have to hand deliver the copies too!

My mantra for industry matters has been patience and perseverance, which I believe bring about consensus and acceptance of what initially seem radical ideas that would upset the apple cart.

I mooted the idea of bringing in Media agencies to the top table when I was President of AAI way back in 2002 but did not want to push it through unless it had unanimous approval atleast at the Executive Committee. Despite provocations to initiate a Media Agencies Association, I resisted the idea because I felt the cause of our industry would be better served by the media agencies sitting at the same table as the creative agencies. And I am delighted that just 7 years later under Madhukar's Presidentship, a few months earlier at an EGM, the Association passed a resolution unanimously to make Media Agencies members of the Association. What is 7 years in the life of an Industry?

INDUSTRY ISSUES:

To say that our advertising agency industry is going through some tough times, would be an understatement and I don't know if merely changing nomenclature like Advertising

Agencies Association of America has done and become 4As is going to solve the problem. An agency runs on only one pillar – its talent pool and that is fed by only one source of income or should be fed by only one source of income – the commission or fees that the client pays. And such costs account for 50% to 55% of an agency’s P&L. Every client –organisation believes and yes rightly so, that it is his birth right to buy everything at the lowest possible cost, including agency services and has unleashed an army of procurement officers on agencies, ill-equipped to deal with them, and our industry is succumbing like a pack of cards. Whilst the immediate result of this is more than satisfactory for my Advertiser friends; (I read in a report that the World’s top 100 Advertisers’ margins has dropped by just 0.1% to 11.5%, whereas Agencies’ margins had dropped by 1.7% to 10.5%) I fear that adequate investment in attracting and nurturing talent for the future is going to take an even further back seat. How many recruits have we made from IIM, Ahmedabad or ISB, Hyderabad in the last 5 years and what was that figure 20 years ago? If I was the Chairman of a large multi billion dollar Company or an Indian large FMCG company, that believes that advertising is a key ingredient to sustain market share and therefore profit, I would worry. Or are we saying that a new kind of Agency or

Organization will emerge with less expensive talent that can produce better advertising, that is more effective than what we do today and at a far lower cost.

Mr. New President, you and your band of 20 wise men including me, must sit and engage with our advertiser friends to discuss future sustainability. Our friends in Media have set up structures to engage with their clients, i.e. ourselves. Perhaps the time has come for us to seriously engage with our clients at a macro and policy level to discuss issues of sustainability of the advertising profession, not of the earth. Let us leave that to IAA and Dr. Pachauri.

But before we do that we must make up our mind that we want to be counted as outstanding professionals of a high caliber possessing high intellectual capital and let us resist the temptation of becoming or being seen as opportunistic businessmen, out to make a fast buck whenever and from whoever and wherever possible. This would serve all constituents better and would enable us to develop skills and capabilities and that would then give us the guts and courage to demand our price, whether it be in the form of commission or a flat fee or a combination and reject those businesses as

clients who feel that the value that we deliver is not worth the fee that we demand, rather than succumb to clients' pressure and acquire them on any terms to meet inflated growth objectives and then find ways and means of handling the business profitably. I have often felt that unrealistic growth objectives and our weakness for new business is the root cause of a lot of what is wrong today. The advertising market is bound to grow by leaps and bounds, atleast in India and there will be plenty to go around for everyone, so our anxiousness is misplaced.

We need to re-affirm our faith in our business model that we get appointed by the advertiser, we work for the advertiser to achieve his business objectives whatever they be and we earn from the advertiser a fee that covers us adequately for all our costs and leaves room for a handsome profit margin to allow us to invest in training , tools and top quality talent.

Another suggestion I have Mr. President is for AAI to institute a Client Credit and Process Rating System that allows us to objectively assess every client's record on its ability to adhere to payment deadlines either on account of cash flow or on account of process issues. Perhaps the job of

Credit Rating could be outsourced to a Ratings Provider to provide 2 sets of ratings:

- **One based on advertiser's ability to pay and**
- **Another based on advertiser's track record on payments to agencies and media**

We owe this to our esteemed AAA+ rated advertisers sitting in this room tonight. It is unfair to paint all with the same stroke.

And simultaneously we must initiate a dialogue with our media owner friends to bring in the concept of sequential liability. This will allow the advertising agencies to focus on their core job of increasing the sale of the advertiser's products and services and the honest truth that my media friends must know, is that the only way our advertising market can dramatically increase the way we want it to from the current 21000 crore, is if our client's sale dramatically increases, for which they hire agencies in the first place.

THANKYOUs

My ride has been cushioned by a band of highly motivated and capable people who fortunately for me, understood my ways and I must thank from the bottom of my heart: the affable

Prabha, objective Punitha and her band of committed 7 COOs, meticulous Veena, my rural pundits Rajan and Seshadri, diplomatic Arminio and his ever growing empire, aggressive Darshana, analytical Murthy, unflappable Divya, athletic Melroy, fastidious Rachna and their band of 750 committed professionals, not forgetting my Ravi who performs the toughest job of all. And my business partners Noomi and Sunil Gavaskar in PMG and Martin Sorrell in Mediacom in India.

And I have my wife's permission not to thank her since she told me last night –Don't be silly- you are not getting an Oscar. But I must thank my friends for sometimes having to wait endlessly for what seemed like critical tasks then, but ~~not~~ now in hindsight don't. I recall once quite shame fully making 4 car loads of friends wait outside Godrej at Vikhroli, enroute to Lonavala for a couple of hours as my client and I vacillated over the choice of a word or two over a headline and the appropriateness of Lisa Ray's skin tone. And my daughter Tanya for her inspirational sms's on life, success and failure that invariably reach me most mornings as I enter office. And Lara ofcourse who works longer hours than me and who has currently become the darling of media.

I'd like to end with the sentiment that hopefully I have miles to go before I sleep.

Thankyou –The Advertising Agencies Association of India, once again.