

Ron Berger

AAAA Keynote Address

8:15 a.m., April 16, 2004

Thank you and good morning.

It's a genuine honor to be named chairman of the 4As. In most industries a guy who pushes the envelope ends up in the mailroom. In our industry, this guy who began by delivering envelopes in an agency mailroom ended up chairman of our professional association. Only in the ad business.

Today I'm going to talk to you about something that for the past 32 years I have lived and breathed. It's a journey that started in that mailroom while I was in college and when I played on the agency softball team when I was 18 years old.

I delivered mail and ran the bases, and met many of the people who not only shaped my experience within the business, but shaped the business, as well.

Running mail and bases seemed like the right way to start, as advertising has always been an industry in motion. We're creative people quickly adapting to ever-changing markets, and marketing ever-changing ideas.

Advertising keeps things moving. It stirs desires and inspires action.

It gets people off their backsides and products off the shelves.

It energizes profits, provides wages, and creates stockholder value.

Advertising has more influence on our economy, and on our culture, than any other business. We're not just important, we're all important.

It's amazing, but we actually are as important as we always thought we were.

I don't know about you, but I am proud of our profession. So proud I now understand why Mother said, "Ronnie, you should be in advertising."

Truth is my mother knew I had no idea what else I wanted to do, so she got me my job in the mailroom. She worked in the classified department at the *New York Post*. One of the women she worked with became personnel director at Carl Ally, which is how I got my summer job.

Advertising was—and is—a dynamic, vitally important catalyst for change. That fact hasn't changed since I started in that agency mailroom. But just about everything else has changed...and changed more radically and rapidly than any of us could ever have imagined.

What has changed most is the pace of change itself.



I wasn't even in the mailroom in 1965 when Gordon Moore, at our client Intel, came up with the law that has set the pace since: Moore's Law states that the number of transistors per integrated circuit, essentially computing power, will double every two years or less. And it has and will continue to do so at least till the end of this decade.

Knowledge builds on knowledge. The smarter the machines, the faster we learn. So all human knowledge is doubling every few years — if not faster. The more knowledge, the faster the cycle to new knowledge, and the sooner the next discovery comes. We're caught up in a virtual whirlwind of new ideas and information and products.

And what we all need to recognize is that this new reality is not going to slow down...it's not going to go away...and it is going to continue changing our lives profoundly and permanently.

Opportunities are everywhere.

Where there were thousands of advertisers chasing a few ways to market their products, now there are thousands of opportunities for each of us in this room, and the thousands of people in our agencies.

Where we were confined to four channels and a few key magazines, now there are hundreds of cable channels, TiVo, thousands of magazines on- and offline, a million-plus websites, chat rooms, blogs—and don't forget the ubiquitous cell phone, which sends and receives e-mail, takes snapshots, even reminds you when to pop your preferred erectile dysfunction drug.

Don't laugh, this category of lifestyle drug is driving our industry right now. Cialis, Levitra, Viagra...they dominated the 2004 Super Bowl. Talk about a changing business.

Seriously, our universe of products and possibilities is expanding, and so is the number of hats we wear.

Advertising, marketing, public relations, strategic planning, relationship marketing, interactive—what used to be above the line and below the line are now through the line.

And they are driving revenue and profits to our bottom line, as well.

The greatest single change of all? Our enhanced ability to connect—connect to each other, connect to people who happen to be anywhere on earth, and, most important, connect to our clients' customers in ways we've never been able to in the past.

We now have the means to involve our audiences in ongoing dialogues, to understand one another, to build trust, and, ultimately, long-term brand loyalty.

Opportunities every day, everywhere.

As an industry, we are moving in myriad new directions. We are redefining our services and ourselves in far broader terms.

Frankly, I don't think there has ever been a more exciting time to be in advertising.

Only one small problem...Wouldn't you know it, there is always one.



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Problem is while we're ready to roll, we don't have enough of the right people on board, not enough to go as far, nor as fast as we'd like, or as far and as fast as our clients need us to take them.

Putting out "help wanted" signs isn't going to do it.

The people we need are...different.

They are bright, they are curious, they are passionate. They've grown up in this 24/7 connected world. They're high energy—trendsetters and buzz makers. They are not often flat-bellied MBAs.

As David Ogilvy said, in our industry we "hire the kind of people clients don't have and wouldn't dream of hiring."

That there are suddenly not enough of these high-potential prospects banging on our doors puzzles me.

I mean, what's not to like?

Here are (in large part) high-paying, never-boring jobs...careers in which every day is different and every client brings us unique intellectual challenges. I can't think of a more creative, fun environment in which to work.

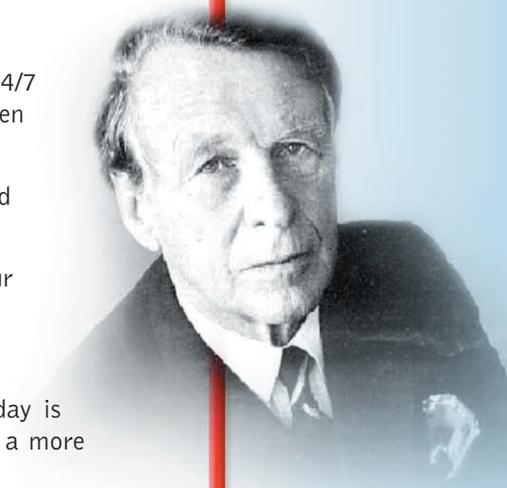
So what do you do in this information age when you need to ask the question: Is it them? Is it us?

You ask them online. My agency quizzed nearly thirteen hundred current college and graduate students for this presentation. The results just came in, and in many ways they are gratifying. Many of you have previewed this study in *Adweek* and now have full copies of our executive summary. The results are worth pondering.

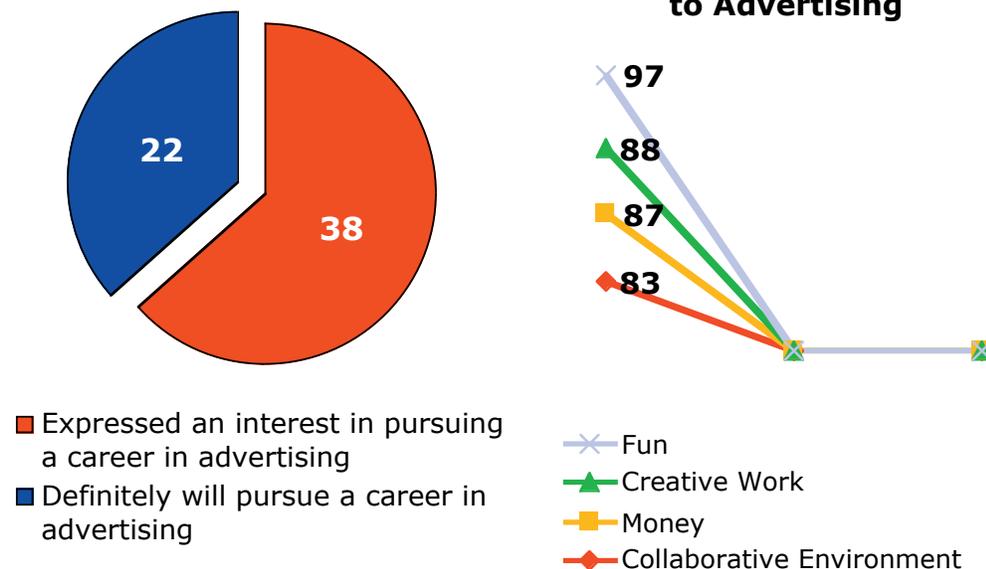
A hefty 38 percent of the students surveyed expressed an interest in advertising, and 22 percent said they "definitely" were considering advertising careers.

And they were drawn to our industry for all the reasons you'd expect: 88 percent cited the creative work, 87 percent said money, 83 percent said working in collaborative teams.

And 97 percent gave the best reason of all: They're drawn to advertising because it sounds like fun.



Why They're Drawn to Advertising



So that answered half of our question. Is it them? Obviously not.

Then it must be us, right?

What is our advertising industry doing that keeps these talented individuals from joining us?

One obvious answer is that too many of our agencies aren't hiring at all, or if they are, are hiring experience, the people they think are the proven performers. They are reluctant to play teacher, to hire and nurture talent over time.

Granted, developing talent inside an agency today isn't easy. It takes an investment of time and patience... a willingness to let people make mistakes. These are three things in too-short supply in our business these days.

To start, you know you could do it better yourself. And you could. But to build confidence and competence, you must say nothing. Every good trainer, like every good parent, has teeth marks on his or her tongue.

But I can tell you there is something to be said for being so wonderfully inexperienced that you don't know what can't be done. And for letting people follow their dreams.

Let's take a look at what I mean.



Our 4A organization, I believe, can do more to encourage and support agencies in bringing in and bringing along the brightest and the best, as these young people from a number of agencies describe.

There's no reason advertising creativity can't be applied to educating our future executives. The Wieden & Kennedy ad school idea of students working with real clients in a really good agency is a truly fascinating approach. The Miami Ad School, VCU Ad Center, and other schools continue to turn out better-informed newbies who make real winners, fast. A couple of well-organized minority-internship programs bring high-potential students into our agencies for hands-on learning over the summer. And the 4As has its own minority scholarship program that I urge all of you to support.

Is it us? Yes, there are many things we do, or don't do, that keep terrific talent away.

Most professions and trade associations spend a lot of time and budget on self-promotion. They blow their own horns.

When an advertising person takes up a horn, it's usually to blow it on his or her own behalf, or to sound a sour note about the industry.

I'm sure you all read Noreen O'Leary's article about our industry's "tarnished image" in *Adweek* earlier this year. It spoke of scams and improper billing, accounting irregularities, kickbacks, and fraud. And it asserted that our agencies are widely perceived as "indulged pockets of corporate America, populated by free-spending, high-living executives." No wonder clients suspect the worst when questions arise, says O'Leary.

ADWEEK

And shame on my lawyer, Rick Kurnit, one of the industry’s best, for his comment in this same *Adweek* report: “The model of the industry,” Rick said, “goes back to the 1890s, and it’s based on a kickback scam. Advertising has always operated in a kind of fantasy land outside the norms of business. Historically, clients hung on to it because no one knew how to value what agencies do, so they just took 15 percent.”

Voices within our agencies have been no less harsh.

Self-examination is fine but why do we relish criticizing our industry in nonconstructive ways at the same time as we are making money off it?

Joshua blew his horn and the walls came tumbling down. Do we really want to sound a call that is that destructive?

Let’s become more visible by trumpeting our tremendous story. Let’s toot our horn about our industry’s contributions rather than continuing to have a few spokespersons who go on TV to showcase how smart they are versus how dumb our industry is. Let’s talk about how challenging careers in the industry are—and why that’s a good thing.

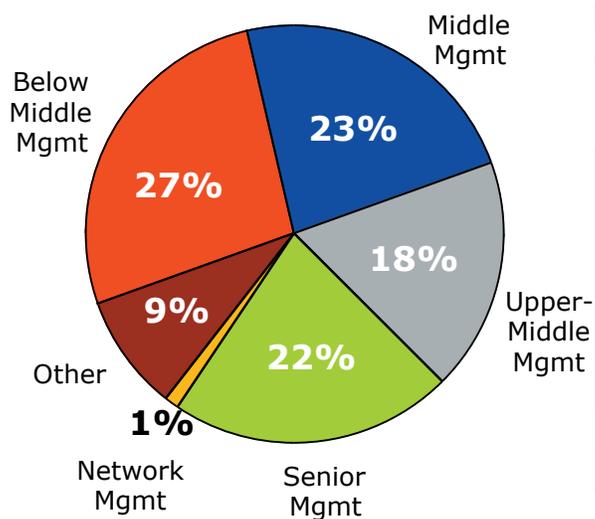
I do worry that the outside world, especially our clients and prospective recruits, tend to hear our complaints, not our passion for our industry.

And it’s an industry well worth joining. We know it is because we asked around. At the same time that we were surveying students, my agency, in cooperation with *Adweek*, was conducting an extensive study of advertising professionals, also online. We received answers to an extensive set of questions from more than twelve hundred advertising practitioners. The survey is hot out of our statistician’s numbers grinder.

To no one’s surprise, some anxiety was expressed by ad people responding to the survey, much of it focused on a perceived reduction in the influence of agencies.



Job Levels



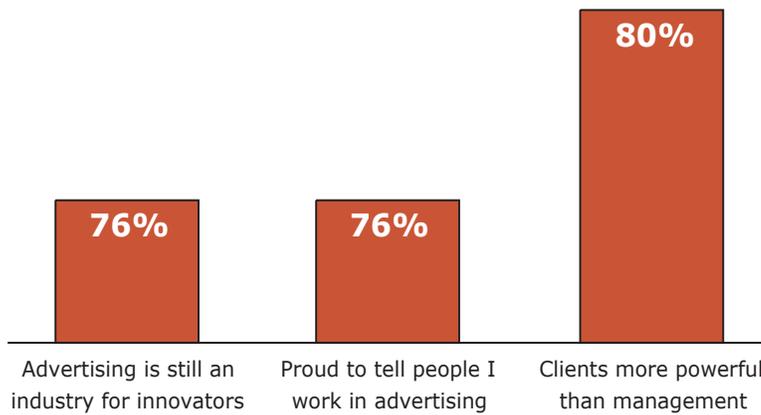
Eighty percent said clients are now more powerful in agencies than management. Moreover, management is seen as all too often taking the side of clients against their own employees.

There is a sense that pressure to prove ROI during the long downturn has altered the nature of client-agency relationships, reducing what once was a partnership to a commodity buyer-and-vendor relationship.

Whether this represents a temporary dip or permanent new reality is anyone's guess.

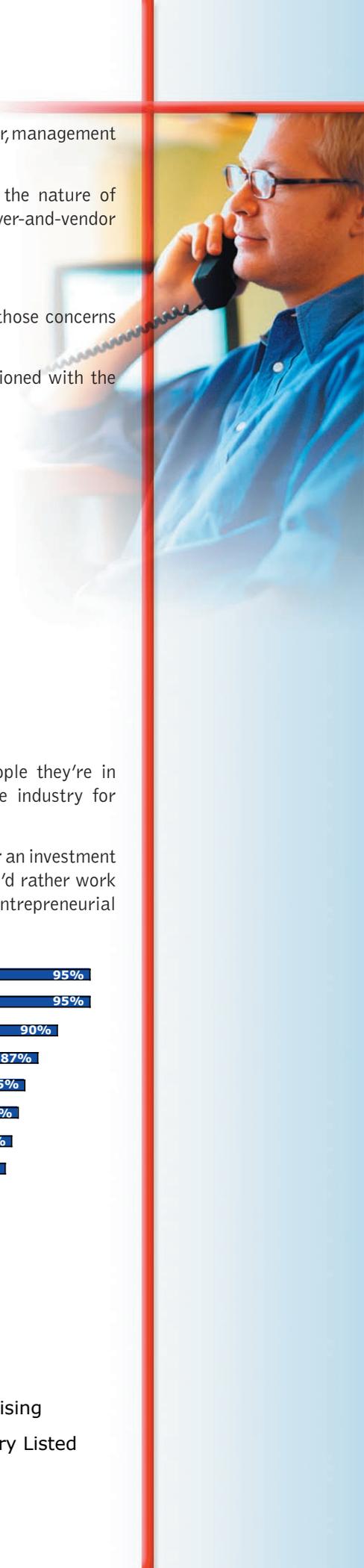
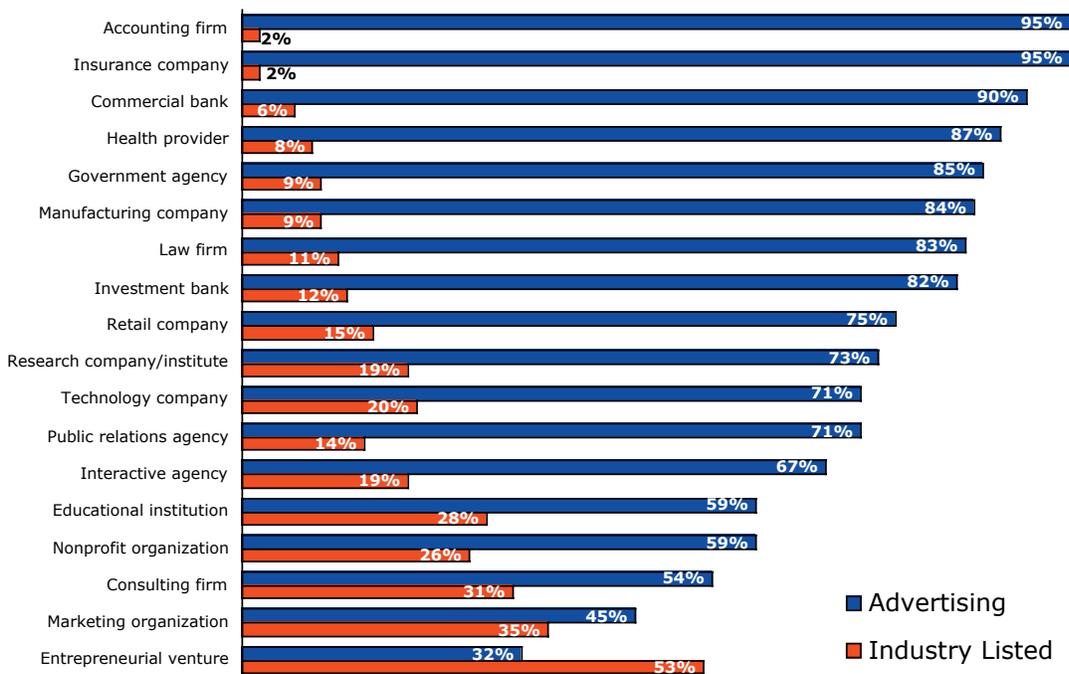
These are legitimate concerns, and we will address them in ongoing 4As forums. But those concerns didn't set the tone for the survey responses.

From what I've just said, you might expect that advertising professionals are disillusioned with the industry and want to bail out. Far from it.



A large majority of respondents, a full 76 percent, said they are proud to tell people they're in the advertising profession. And the same proportion believes advertising is still the industry for innovators.

What's more, industry professionals would rather work in advertising than in a law firm or an investment bank, a consultancy or educational institution, a tech company or retailer. In fact, they'd rather work in advertising than in any of the 18 industries we named, with the exception of an entrepreneurial venture. There's that creativity factor again.





So why aren't we letting people know how much we love this profession?

We're good at airing complaints and disputes—less good at verbalizing the positive.

David Ogilvy and Bill Bernbach and Jay Chiat—and my first employer, Carl Ally—never talked trash about the industry or competitors. These industry giants built great brands, and we all learned from them.

Whether it's a reflection of the times or the industry we live in, we have taken a wrong turn. And we need a new direction. Or an old one.

Lawyers compete without tearing each other apart. Investment banks do, too. Our trade press thrives on the negativity caused by our agency-against-agency skirmishes; they feed on it. And it must stop. I already gave you a taste of what the trades churn out. Here is another quote from that same article.

"When I talk to people at agencies about [alleged overbilling], they say, 'What's new?' They seem to say it's endemic." This from Arthur Anderson of Morgan Anderson.

Self-examination, yes.

Self-criticism, yes.

But I'm urging all of us to take a step up, to commit to accuracy and to objectivity. From our agencies, from our competitive standards, from our trade press. And from each other. Let's move up by reaching for a higher standard. And let's not be shy about announcing that to all who will listen. Or can be made to listen.

The 4As has been, and must continue to be, a vocal advocate of publicly recognizing advertising's vital contributions.

That's what Advertising Week is all about. And it's why we need all of you and all of the people in your agencies to support it. And to leave here as ambassadors. Wear your T-shirt to work next week and tell people they can order one from the 4As.

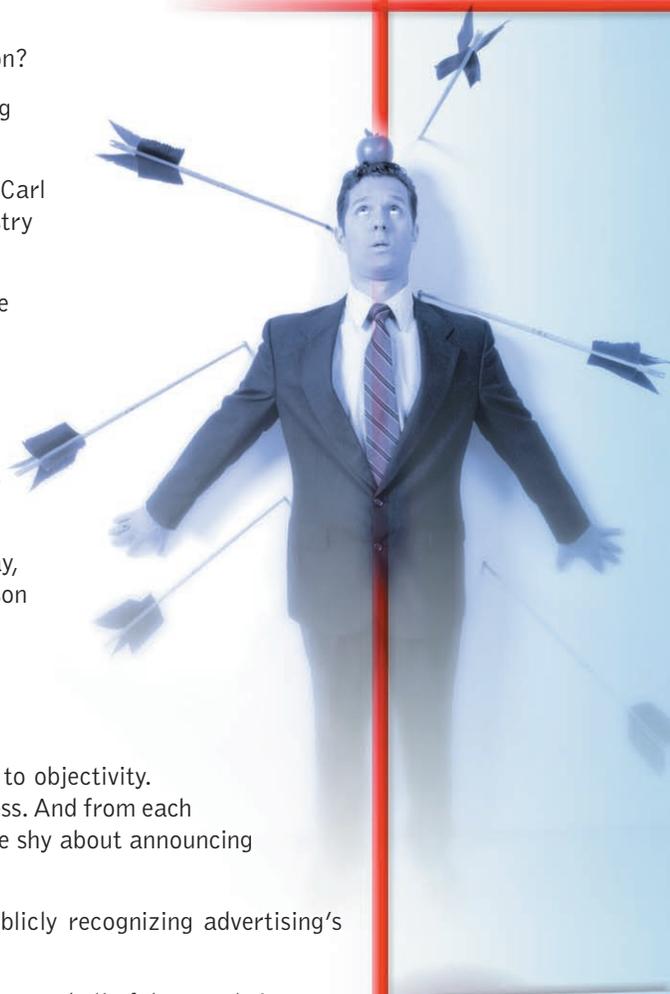
As you heard Ken describe yesterday, for one full week in September our industry will take over New York City, and will celebrate all that we have done in ways we've never done before.

It's also time we find some new industry heroes for kids to emulate.

You know last year when they were tearing down all those statues of a dictator in Iraq, an old man in the crowd was heard to say, "Yes, tear down the statues, but keep the pedestals. We will always need pedestals."

That man is right. We need heroes whose lives and deeds are so outstanding that we can raise them up and put them on pedestals.

In this Oprah Winfrey world, we're drawn more to personalities and stories, rather than ideologies and institutions. I don't go to Madison Square Garden because the New York Knicks are on the court. Who would? I go because Stephon Marbury is on point.



Advertising has had more than its share of heroes. Going back to Volney Palmer, P.T. Barnum, and the giants of our relatively recent past, Ogilvy, Bernbach, and Chiat, and even from the present, Dan Wieden and David Kennedy.

All of whom, interestingly, in building up terrific reputations for themselves and their agencies, to my knowledge have never spoken a negative word against the industry.

I was fortunate to have learned early in my career from a true rebel, Carl Ally. The mission of his agency was "afflict the comfortable, comfort the afflicted." He changed the tenor of the way advertising was going to be done, by challenging the industry.

But Carl's purpose was not to build himself up by dragging the industry down, but rather to build up himself, and his agency, and take the industry with them.

We need the Carl Allies to show us how creative we can be. Men like Carl packaged the truth in innovative and entertaining ways.

And I know there are giants among us today. In my chairmanship I am going to do my best to put them on pedestals so a new generation can be inspired by them.

All of these efforts will heighten the spirit of belonging to our industry and will move more young recruits from the "Gee, that's interesting" to the "Count me in" column.

That's something that public self-flagellation will never do.

All too often, we're like my younger son, Cory, who when he was eight, stood at the refrigerator door and said, "Dad. I think this milk is going sour. It smells bad. Here, taste it. Taste it."

With an invitation like that, how could I refuse?

And I wonder if that isn't the invitation we're giving to the world, and especially to our bright people working here already and to the students who, according to our survey, are bright advertising prospects.

"It smells bad. Come and taste it."

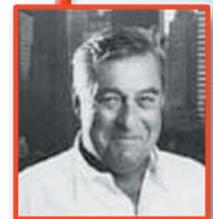
If you ask me as chairman, I'll say, "Speak your mind." We're an industry that not only encourages free speech, but exists on it. But if you ask me as Ron Berger, from the streets of Brooklyn, I'll tell you, "Let's cut the crap."

I know how good this industry has been to me and to my family. And when I look around this room I see people like Andrew, Tom, Susan, Steve, who I know have to feel the same way ... Honestly, what else would we have done for the last 30 years that would have done as much for any of us?

Don't we owe it to the people who are in this room, and in our agencies, and who work the halls of our clients' companies, to pass on to them this higher order?

I can't think of any other occupation, with the possible exception of parent, that's as vital to the continued survival and proliferation of human dream chasing as advertising. We make the stuff dreams are made of.

Maybe it's a personal thing on my part: I have two kids in this audience who have grown up seeing the benefits and experiencing the excitement, and who are working in our business. Is there anyone in the room who can't point and feel the same way?



Ours is an intense, high-pressure, create-on-demand lifestyle. Any young person looking for a comfortable reclining chair had best look to some other business.

But for those who thrive on a highly charged, creative atmosphere, this is where it's happening. Sure it can be tense, but tension is the dynamic force that drives genuine innovators among us to get up and think, experiment, create, and innovate.

That's what we do for a living. That's what we've always done. That's why it's inevitable that we will find truly creative ways to do it now, and in the future.

That's the message I'd like to communicate to the brightest and best young people considering career choices: We're here. We're exciting, rewarding, and we're fun.

Ideas are our only product, and ours is an ideal professional world in which to make your mark.

To all of you, I can't emphasize enough how important it is to show our pride. To proclaim who we are loudly enough so a new generation of the brightest and best will come and join us.

The first responsibility of a family, a community, or an entire culture is to reproduce, to replace itself. I'm delighted to make it my first challenge as your chairman.

With your help, we can—and will—sell advertising's future to the next generation of people in our agencies and in our clients' companies. Join me. Support Advertising Week. Support the high-potential newbies. Support the bold ideas. Support the friendly competitors. Thank one another for playing hard—and fair.

And thank you for coming here this week.

