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Advertising Industry Evolution: Agency creativity, fluid teams and diversity. An exploratory investigation.

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SCHOLARONE™ Manuscripts Advertising Industry Evolution: Agency creativity, fluid teams and diversity. An exploratory investigation

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Abstract

The advertising industry is in a state of flux, where the agency model is evolving alongside todays' fast paced digital environment. This paper reviews the drivers of change in the industry and explores how creative advertising agencies are evolving and developing their team resources to improve the creative product using the resource based view (RBV) as a theoretical lens. The study adopted a qualitative approach using a key informant strategy with 16 interviews with Creative Directors, CEO's and Heads of Planning and Account Directors. The findings suggest that agencies who embrace team functional diversity, include external stakeholders and develop team fluidity as a dynamic capability will enhance agency creativity.

Keywords:

Agency creativity, team diversity, fluid teams, dynamic capability

Summary of contribution

The contribution is threefold. Firstly, the research contributes to the paucity of team research in the advertising literature. Secondly, the study adopts a multi disciplinary approach drawing on a number of research streams e.g. advertising creativity, team research, and the resource based view (RBV) to explore and understand how creative advertising agencies are evolving and developing their team resources to improve the creative product and create competitive advantage in a real world setting. Thirdly, the ability to operate fluid teams is identified as a dynamic capability for advertising agencies to develop and must be carefully managed.

Introduction

The fundamental changes in the advertising and media landscape (Kumar and Gupta, 2016; Schultz, 2016) and the creative product (Pinkham, 2014) present a rich context to explore.

Advertising agencies are redefining themselves, and with increasing competition from other

organisations, agencies are evolving their structures, processes and approaches in order to create competitive advantage. Established research has demonstrated the effects of these changes on media use (Sasser, Koslow and Riordan, 2007); client agency relationships (Horsky, 2006); the need for greater integrated marketing communications (Hackley and Tiwaskul, 2011) and the creative process (Stuhlfaut and Windels 2017; Wagler, 2013). Additionally, the growth of digital media suggests that new organisational approaches and structures are required (Sheehan and Morrision, 2009). Interestingly, few studies provide insights from practitioners about how the changes affect practice (Lee and Lau 2018; Stuhlfaut and Windels, 2017; Wagler, 2013). One would expect the changes to have altered team composition and dynamics in agencies as indicated in the practitioner press (Bidlake, 2014; Lee, 2017) and yet these are areas that are largely unexplored in the advertising academic literature.

The study draws on the theoretical contributions from several perspectives. Firstly, from management strategy literature, the resource based view (Wernerfelt, 1984) is used as a theoretical lens to explore and understand how agencies are developing their team resources to improve the creative product and create competitive advantage in response to changes in the media landscape. Secondly, the study draws from the team diversity and creativity literature where there have been equivocal results in relation to the antecedents of creativity (e.g. Anderson, Potočnik, and Zhou, 2014, Hülsheger, Anderson, and Salgado, 2009). Using theoretical integration from more than one discipline is an effective approach to understanding a phenomenon, because the use of different lenses helps to accentuate different aspects of that phenomenon (Ancona, Goodman, Lawrence, and Tushman, 2001).

The purpose of this paper is to briefly review and discuss the drivers of change in the advertising industry and how the changes affect team composition, diversity, and creativity in

creative advertising agencies. There are two important questions to understand. The first relates to how functional team diversity has been affected by changes in the digital media landscape. Secondly, how are agencies changing their practice to develop team resources to improve performance and ultimately enhance the creative product. The exploratory study investigates the recent changes and the implications for team resources in relation to agency creativity. The contribution is threefold. Firstly, the research contributes to the paucity of team research in the advertising literature. Secondly, the study adopts a multi disciplinary approach drawing on a number of research streams e.g. advertising creativity, team research, and the resource based view (RBV) to explore and understand how creative advertising agencies are evolving and developing their team resources to improve the creative product and create competitive advantage in a real world setting. Thirdly, the findings identified the ability to operate fluid teams as a dynamic capability for advertising agencies, which must be carefully managed.

The changing nature of the advertising industry

The advent of digital and social media fundamentally changed the advertising landscape (Kumar and Gupta, 2016) and created new opportunities for communication with customers. Advertising has moved from a traditional broadcast system (Knoll, 2016; Kumar and Gupta, 2016; Schultz, 2016) to a multi channel, multi platform system of marketing communications (Knoll, 2016; Nixon, 2011, Sasser, Koslow and Riordan, 2007) incorporating two way interactive dialogue between consumers and advertisers (Kumar and Gupta, 2016). In addition, the industry has experienced increased fragmentation of audiences and media necessitating a greater need for more integrated marketing communications (Hackley and Tiwsakul, 2011). The balance of power between consumer and advertiser has changed and examples of co-creation, crowd sourcing and user generated content (UGC) prevail (Kumar

and Gupta, 2016). The changes represent both positive and negative outcomes for agencies. For instance, more interesting work and innovative partnerships but also agencies downsizing their staff and a workforce ill pre-pared for digital media (Sheehan and Morrison, 2009). The complexity of media requirements including UGC, gaming and messaging makes their task even more challenging as different skills and expertise are required (Sasser, *et al.*, 2007). Agencies have started to re-look at their rasion d'être. Originally, creativity was the primary goal. However, removal of the commission remuneration system for agencies was replaced by fees (Pratt, 2006), which forced them to become more commercial in their outlook (Nixon, 2011).

The industry is certainly in a state of flux. Practitioner views suggest the emergence of new agency models, alongside the continuing debate about creativity and data and changing client/agency relationships. Today's business environment is fast paced and dynamic where economic uncertainty is very prevalent. The idea of a "job for life" is long gone and many employees follow portfolio careers. However, ad agencies need to catch up and transform their business models. Rudd, CEO of a major London agency suggests that many agencies are structured for the long term (Lee, 2017) which hampers their ability to be more flexible. Recruitment in the industry is becoming harder as millennials are more discerning about company values and work/life balance (Jackson, 2017).

Further practitioner views from new ad agency CEO's, suggest that agency models are broken and that the industry is one in crisis (Coffee, 2017). However, recent commentators such as Gonslaves, a first time CEO, suggest that the industry needs to be "transformed" (Lee, 2017) and that the landscape is not in crisis but is evolving (Lee, 2017). Indeed, a contemporary view of ad agencies suggested by Sharp is that "our model isn't broken but needs adapting" (Lee, 2017). Add into the mix that the industry has been infiltrated by management

consultants (e.g. Accenture's acquisition of Karmarama in 2016) and it would appear that the advertising industry is evolving and CEOs are looking at new ways of operating.

The changes outlined above suggests that different skill sets and different talent is required. There is a growing need for creative expertise coupled with strategic ability and "digital literacy" (Hackley and Tiwsakul, 2011; Lee and Lau, 2018). Greater functional diversity and expertise is needed throughout agencies to achieve an enhanced creative product and a more agile way of operating. Agencies need to develop their resources (e.g. Barney ,1991; Wenerfelt, 1984) and capabilities (e.g. Teece, Pisano and Shuen, 1997) in order to meet the demands of the agency of the future. More specifically, the construct of dynamic capabilities defined as "the firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments" (Teece, *et al.*, 1997, p. 516) is relevant in identifying capabilities for the future.

Agency creativity, and teams as resources for creative performance

It has been long accepted that creativity is the raison d'être and the life blood of advertising agencies. Advertising creativity is said to be different to other types of creativity because it must achieve objectives set by others (El-Murad and West, 2004) i.e. the needs of the client and is commercially driven (Dahlén, Rosengren, and Torn., 2008). Advertising creativity has also been described as the process of developing and producing creative advertisements (El-Murad and West, 2004, Reid, King and DeLorme, 1998, Sasser *et al.*, 2007). It has also been referred to as the creative quality of agency teams in producing innovative ads (O'Connor *et al.*, 1996, Smith and Yang, 2004) which Li, Dou, Wang and Zhou, (2008) refer to as agency creativity - a subset of advertising creativity. For the purposes of this study agency creativity has been defined as "the extent to which agency teams develop radical or incremental ideas

(and advertising strategy) to solve clients' problems, as perceived by managers" (Lynch and West, 2017).

According to RBV, organisations that possess resources that are valuable, rare, inimitable and non substitutable (VRIN) will create competitive advantage and enhance their performance (e.g. Barney, 1986, 1991, 2001; Prahalad and Hamel, 1990). One resource worthy of further investigation is how client teams are developing as a result of the changes outlined above and more specifically the construct of dynamic capabilities (Teece, *et al.*, 1997) is used as a guiding lens.

Advertising agencies could not deliver client solutions without using the knowledge, skills, and expertise of their teams (Lynch and West, 2017) which are often multidisciplinary and multifunctional (Ensor, Cottam, and Band, 2001). Advertising agency creativity is the product of team efforts and yet there is a paucity of team research in an advertising context. There have been a couple of studies exploring teams primarily looking at creative teams. For example, one study of note by Johar, Holbrook and Stern (2001) demonstrated that creative advertising is more likely to emerge through a process of iterative idea generation where teams are allowed freedom to develop numerous ideas before imposing constraints. Another study investigated the creative climate of ad agencies where work groups were given autonomy and freedom over their work in order to increase creative output (Ensor, *et al.*, 2001).

Creative Ad agency Teams

Teams have been defined as "a collection of individuals who are interdependent in their tasks who share responsibilities for outcomes" (Cohen and Bailey, 1997 p.241). Few people would question the use of teams in todays organisations as they are important in increasing responsiveness and enhance creativity (Hülsheger, Anderson, and Salgado, 2009). However,

defining teams in today's contemporary organizations is complex (Hollenbeck, Beersma and Schouten, 2012). Pressure on organisations to be more efficient and agile is increasing and teams find themselves operating in dynamic environments (Tannenbaum, *et al.*, 2012) resulting in team composition being more fluid and temporary in nature.

In an advertising context, teams are formed around the client brief and tend to be cross functional and temporary in nature (Lynch and West, 2017). A more useful definition is:

the responsibility...often overlaps between two or more departments...these teams or task forces allow for lateral contact between multiple departments...tend to be temporary groups that exist for the duration of the designated activity... [these temporary groups] are often used for non-routine tasks... [they] promote rather than inhibit cooperation across functional boundaries" (Pinto, Pinto, and Prescott, 1993, pp. 1283 -1284).

There are a number of different teams in creative ad agencies from creative team, account team to client team. The 'creative' team, which consists of the art director and copywriter working in pairs has been in existence in the UK since the early 1960s (Nixon, 2011). This is still operating in some agencies for creative execution, but may be far more complex in practice (Lynch and West, 2017). Views emanating from the advertising practitioner press indicate that the nature of teams is moving away from the discussion that creativity is just the domain of the creative team to the realisation that cross functional teams may be the order of the day (e.g. Bidlake, 2014, Pinkham, 2014). For the purposes of this study, the cross functional team was defined as the client team who are critical to developing agency creativity.

Account teams exist consisting of Account Director and Account executives and are the liaison between the client and the agency and are often said to own the overall relationship

with the client. Despite the separate teams where each has their own discipline and approach, they often converge internally both for creative input and output particularly in client facing situations e.g. the client brief or the pitch. In this way teams are both multi disciplinary and multi functional (Ensor, *et al.*, 2001) and represent a good context to study team diversity and creative performance.

Team diversity and performance

It is generally accepted that teams in organisations tend to bring about successful outcomes for a project. The research on teams and diversity spans over 30 years and it is established that different demographic variables can influence team performance either negatively or positively (e.g. Milliken and Martins 1996; Williams and O'Reilly 1998; van Knippenberg et al 2004). In particular, "team diversity" refers to "the distribution of differences among members of a team with respect to a common attribute" (Harrison and Klein, 2007, p.1200). One potential benefit of diverse teams is improved performance. Increased diversity brings a greater number of perspectives to the team along with skills knowledge and expertise in order to solve problems and increase team performance. Enhanced performance occurs as members communicate with each other and their contacts outside the team (Cummings, 2004; Cummings, Espinosa, & Pickering, 2009). However, despite the potential for success, the empirical evidence for diversity in teams in all its guises and the link with performance is equivocal (e.g. Bell et al., 2011, van Dijk et al., 2012, Hoever et al., 2012, Horwitz and Horwitz 2007, Hülsheger et al., 2009, Joshi and Roh 2009, Milliken and Martins 1996, van der Vegt and Bunderson 2005; van Knippenberg et al., 2004, van Knippenberg and Schippers 2007, Williams and O'Reilly 1998). The benefit of functional diversity is a "double edge sword" (Bunderson and Sutcliffe, 2002) because it depends on the context and the type of

performance required (e.g., Milliken and Martins, 1996; Pelled, 1996; van Knippenterg, Dreu, and Homan, 2004; Williams and O'Reilly, 1998).

In relation to creative performance, a team that is rich in task-related demographic variables (i.e. functional diversity) has a greater opportunity to draw on knowledge and expertise from a greater variety of perspectives and task-relevant information (Hülsheger *et al*, 2009; van Dijk et al, 2012). As a result, individuals with different expertise, knowledge and skills will enhance collective learning (van der Vegt and Bunderson, 2005) leading to cross fertilisation of ideas and creativity (e.g. Ancona and Caldwell 1992, Miliken and Martins 1996) which creates a useful resource (Williams and O'Reilly 1998). Evidence suggests that functional team diversity may improve creative output whereas demographic diversity (i.e. age, gender, ethnicity) does not (Bell *et al.*, 2011). Moreover, teams which have more creative relevant resources will produce better creative results (Harvey, 2014; Hülsheger *et al.*, 2009). For this study, functional team diversity was defined using Sethi, Smith and Park's (2001) definition of the construct.

The benefits of teamwork are obvious. However, teams are changing in organisations and so too must our approach to team research (Tannenbaum, *et al.*, 2012). In addition to diversity, researchers need to explore collaborative teams and multiple stakeholders (Wageman, Gardner and Mortensen, 2012) i.e. clients as part of the team and dynamic membership (Bell and Fisher, 2012) to reflect the nature of organisations today.

The need for the research

Since Sasser and Koslow's (2008) 3P's framework, which called for an increase team research in advertising creativity, very few studies have presented themselves. One recent

study looking at the structural elements of creativity, found that increases in staff resource allocation on a campaign team did not necessarily lead to a more creative output (O'Connor, Kilgour, Koslow and Sasser 2018). This study responds to Sasser and Koslow's (2008) call and also addresses the call for studies to reflect the complexities of todays' organisations (Tannenbaum *et al.*, 2012). Much of the team research has been quantitative in approach using the input, process, outcomes (IPO) model (e.g. Ilgen 1999; Ilgen, Hollenbeck, Johnson and Jundt 2005) which has been hugely beneficial in driving team research (Mathieu *et al.*, 2017). However, going forward, contemporary teams may be more temporary and dynamic in nature which brings opportunities for the use of more qualitative methods of investigation (Mathieu *et al.*, 2017).

The research aim was to develop an understanding of how and why teams are changing in creative advertising agencies in relation to the creative process as a result of the changing landscape. It is important to understand how agencies are developing team resources and capabilities to adapt and evolve for the industry of the future. The study explores not only the number of different functional perspectives within teams but how dynamic team composition and fluidity improves creative output, and often cost effectiveness.

Given the fundamental changes in the media landscape (Kumar and Gupta, 2016; Schultz, 2016) outlined above, the creative product (Pinkham, 2014), changing attitudes to work/life balance (Jackson, 2017) and the indication that agency structures are evolving (Nixon, 2011; Lee, 2017) it seems pertinent to investigate teams as resources and that team composition and diversity in an advertising context is a critical domain to understand (Lynch and West, 2017).

Methodology

Data and sample

A qualitative approach was utilised which is appropriate for research which is exploratory and interpretive in nature and where few research studies exist (Braun and Clarke, 2013; Creswell

and Creswell, 2017). The research aim was to explore and understand how creative advertising agencies are evolving and developing their team resources in relation to the creative process to improve the creative product in response to industry changes. There are two important questions to understand. The first relates to how functional team diversity has been affected by changes in the digital media landscape. Secondly, how has team composition been developed as a dynamic capability to improve performance and ultimately enhance the creative product.

The specific research questions addressed are:

What changes to functional team diversity have occurred in relation to the creative process? How has team composition been affected and developed as a dynamic capability?

The research context for the study was creative advertising agencies in the UK. Many of these agencies are London based which is considered the heart of the advertising industry in the UK. The context represents an attractive research setting for the following reasons. Firstly, as outlined above, the advertising industry is in a state of flux which makes it an interesting and challenging industry to research (Shultz, 2016). Secondly, creative advertising agencies were included rather than media or digital agencies because they appear to be losing ground to new media operations due to structures and culture which do not allow quick response (Mallia and Windels, 2011). Therefore, they represent an interesting population to study in the current environment.

The study adopted a key informant strategy because informants are knowledgeable about the issues under investigation (Kumar, Stern and Anderson, 1993) and for issues of practicality (Seidler, 1974). The strategy is widely used in marketing and management research (Homburg, Klarmann, Riemann and Schilke, 2012; Moorman and Rust, 1999). Accessing individuals in this population however, is difficult and represents "the greatest methodological constraint for models of the creative process" (Sasser and Koslow, 2008 p.10). There is a

small population of geographically concentrated talent (Sasser and Koslow 2008), and practitioners in advertising are answerable to the demands of clients and are therefore busy (Stuhlfaut and Windels, 2012).

The sample was purposefully drawn from the top 100 UK creative ad agency rankings compiled by Nielsen for Campaign Live, using a combination of the authors own contacts, and snowball sampling. The participants operate at a senior level with the necessary experience to create a reliable study. The size of the sample was determined when saturation was reached. This point was assessed when no new themes were emerging in relation to the research question using Kvale's recommendation (1996 p102) of conducting 10-15 interviews before the onset of diminishing returns.

A total of 16 semi structured interviews were conducted in London creative advertising agencies – 3 CEO's, 6 advertising creatives, 5 planners¹ 2 Account Directors (see Table 1 below). Semi structured interviews were used following ethical guidelines and informed consent was obtained. Participants were informed that they could withdraw their consent at any time. A discussion guide was used to facilitate the interview covering the following questions: What is your current job role and your influence on creativity and the creative process. Has this changed over the years? What impact do you think digital media has made on the media landscape and has this changed creativity and the creative process in advertising? How has this affected teams? Are there any structural changes to the teams? Why? How are teams formed in your agency? Has this changed? Probing questions were utilised as necessary to elicit more detailed answers to the questions and at the end interviewees were asked if they wanted to add any additional comments after discussing the

 $^{^{1}}$ The term planner has been used to denote planner or strategist and has been used interchangeably to reflect industry practice.

topics. Finally, demographic background data was collected for each interviewee (see Table 1).

All interviews were digitally recorded and transcribed to aid data analysis. The interviews lasted between 40 minutes and 120 minutes. The study complied with ethical research practice in that participants took part voluntarily, were informed about the purpose of the study, and were assured of confidentiality and anonymity. Consent forms were obtained sion to be ... along with permission to be recorded.

Table 1 Interview Participant Details

Creative Advertising	Agency	Position in agency and	Years
Agencies	code	pseudonym	Experience
Group owned	1	CEO (AY)	35
Group owned	1	, ,	
Independent	2	Creative Partner (BT)	20
Group owned	3	Executive Creative	20
		Director (CS)	
Group owned	4	Executive Creative	34
		Director (DW)	
Group owned	5	Executive Strategy	15
		Director (ER)	
Group owned	6	Head of Planning (FP)	15
Group owned	7	Head of Planning (GJ)	21
Group owned	/	Tread of Flaming (G3)	21
Group owned	8	Senior Planner (HK)	8
Independent	9	Chief Creative Officer	20
		(IM)	
Group owned	10	Account Director (JP)	25
Independent	11	Creative Director	30
		(KB)	
Independent	12	CEO (LT)	19
Independent	13	CEO (MW)	20
Independent	14	Account Director	26
		(NP)	
Group owned	15	Creative Director	10
		(OW)	
Group owned	16	Head of Planning (PS)	17

Data Analysis

The data was transcribed, coded and analysed using Thematic Analysis (TA) which is a pattern based approach where "patterns of meaning and themes are identified across a dataset in relation to a research question" (Braun and Clarke, 2013 p. 175). The transcripts were read so that 'immersion' took place in order to become familiar with the data. Codes were developed using a combination of both data derived and research derived codes (Braun and Clarke, 2013). Statements from participants were coded and the data was organised and analysed using first order codes and subsequent themes. TA was used in a data driven inductive approach to assess what emerges from the data and also a deductive way to connect the data with existing theoretical ideas (Braun and Clarke, 2013).

Findings

The findings illustrate how creative advertising agencies are evolving and developing their team resources to improve the creative product and create competitive advantage in a real world setting. The ability to operate fluid teams is identified as a dynamic capability (Teece *et al.*, 1997; Teece, 2014) for advertising agencies to develop and must be carefully managed. Three key themes were identified from the research data and each is discussed with their respective "dimensions" below.

Traditional creative team stereotype is challenged

In the late 40s William Bernbach developed the idea of pairing art director and copywriter in the US (Nixon, 2011). This was viewed as a major breakthrough in the creative process as it created a sounding board for idea generation. The practice was adopted in the UK in the early 1960s (Nixon, 2011) and became known and accepted as the creative team.

In this study, practitioners described the creative team in several ways. There were those who talked about the 'traditional' creative team - the art director, copy writer partnerships - as the key to creative idea development which is established in the advertising literature (e.g. Hackley and Kover, 2007; Hirschman, 1989; Johar *et al.*, 2001). Others mentioned creative 'singles' or 'extended' creative teams. The notion of a sounding board for testing ideas and sensemaking was corroborated but the way in which it was now achieved varied from agency to agency.

DW working as a team of two is a much more effective way of working... In a team of two having ideas to bounce off someone is a very good way of working (ECD, Group owned agency)

OM Just to bounce ideas off each other, really, because I think you can get caught up in an idea and you've got no one to say, "Is this a good idea?" or even to help evolve it. (CD, Independent agency)

However, the findings did not corroborate the view that creative pairs work more interchangeably (Kelly, Lawlor and O'Donohoe, 2005) or that the roles are becoming increasingly blurred (McLeod, O'Donohoe and Townley, 2009). Ad agency practitioners confirmed that the analogy of a "marriage metaphor" is still relevant particularly for creative teams who work together over a long period of time and for those who may be 'hired together and fired together' (McLeod, O'Donohoe and Townley, 2009 p.115).

CS when you have a partner they're kind of like your wife of your husband because you spend maybe 8-12 hours a day with them ...you spend more time with them than you do with anyone else on the planet. So you become very close you become very attached. You know how to work with that person (ECD, Group Owned agency)

In these situations, there is a bond an unspoken familiarity and intuition between the pair that only comes with knowing a person closely. This relates to the similarity-attraction paradigm

(Byrne, 1971) which advocates that homogeneous teams will perform better because of the mutual attraction of team members with similar attributes. Members of the creative team may share similar mental models because they have worked together over time and are on the same "wavelength" (Johar *et al.*, 2001). However, whilst mental models might be very good in terms of the creative pair developing short cuts, cues and approaches for creative idea development it may also become a limit on their ability to develop creative ideas (King and Anderson, 1990, Mumford, 2000).

The idea of a sounding board is not unusual for idea generation and creative development (Hackley and Kover, 2007) as the process of idea generation is very iterative. However, the findings provide mixed support for this practice, as many held the view that creative partnership was unnecessary for sounding out ideas and might in fact limit idea generation and development.

LT we **only** have creative singles... Art Director, Copywriter makes no sense. As a sounding board yes, but you can have a sounding board and not be fixed with that person...that tends to create a far more open system and is more productive...that's been really effective for us and enabled us to punch way above our weight (CEO, Independent agency)

The tension between the use of creative partnerships and creative 'singles' for creativity is a philosophical standpoint for an agency and appears to be driven by the views of senior managers and the culture of the agency. It may also be connected to issues of creative performance, time, efficiency and cost effectiveness as agencies look to improve the use of their resources and capabilities.

What appears to have changed over time, is the acceptance, at least in part, that a sounding board for creative ideas does not have to come from the traditional creative duo. It may indeed

come from other creatives, the creative department or even outside the creative department from planning or the account team. This is closely related to the fact that the responsibility for creativity has changed and is discussed below.

Interestingly, many practitioners referred to the creative team partnerships in the past tense i.e. the way "it used to be"

OW Five years ago, they would have all been (teams of two). (CD, Independent agency)

Creative pairing is the "old model" (Participant E, Executive Strategy Director Group Owned). Indeed, one participant in particular was very forceful in their view and emphasised that "the whole model of Art Director Copy Writer is completely and utterly obsolete" (Chief Creative Officer, Independent Agency).

AY Teams may be more than two for example the XYZ campaign there were 2/3 creatives and 2/3 technological members and a digital creative – so 7 people and a media buyer as the ad was weather dependent to see the poster (CEO Group Owned Agency)

Digital disruption in the media landscape coupled with new ways of communicating with customers (Kumar and Gupta, 2016; Schultz, 2016; Sasser *et al.*, 2007) necessitates competence in digital skills (Öberg, 2013). The findings corroborate that the teams are larger to accommodate digital media (Sasser *et al.*, 2007) and reinforces the increased importance of planning in the creative process (Koslow, 2015).

AY Creativity in agencies was the domain of the creative team. However, two things have changed it - the background of the creative team and the larger role played by planning in the team." (CEO, Group Owned agency)

Finally, agency creative reputation played a part in whether traditional creative teams were utilised. Agencies with an established reputation for excellence in a particular medium tended to operate utilising the traditional creative pairing of copy writer and art director.

DW we still have a lot of if you like traditional creative teams here because a lot of the work that we do still demands that. We still make a lot of television ads (ECD, Group owned agency)

"There is no exact template for an agency creative team" (Lynch and West, 2017 p.70). Previously creative roles were clearly defined and the primary channel for advertising was print based (Burley, 2016). However, in practice team composition is much more diverse and likely to include digital expertise of a SEO specialist or a User experience (UX) specialist. The established way of working in pairs is still operating in some agencies for creative execution, but in reality appears far more complex in practice (Lynch and West, 2017).

The findings evidence an inherent tension between the use of creative individuals who work on their own, creatives who work with other creatives as a group, or work in partnerships in terms of creating a better creative product. This tension is interesting because it indicates that the creative team stereotype has been challenged in a bid to increase idea generation and improve the creative product.

Responsibility for creativity has changed

The findings established there has been a fundamental shift in emphasis away from the creative team being the sole generator of creative ideas and that creativity emanates from beyond the creative team or department and is viewed as an organisational responsibility.

IM No its not just about the creative team anymore...Creativity isn't a department. It's a mindset. ... creativity or the role that we play is to problem solve. Creative minds that all they do is problem solve. (Chief Creative Officer, Independent agency)

FP One thing that is made really clear about the overall agency process is that creativity is NOT confined to the silo of creative...And so creativity is absolutely the remit of everyone from the CEO to the tea lady. (Head of Planning, Group Owned agency)

This view was held regardless of the position of the participant, the size of the agency or whether the agency as independent of group owned.

Transformation as a result of the digital landscape has changed the role of creatives (Lee and Lau 2018). They suggest that creatives no longer see themselves as the lead in idea generation but more as facilitators of the ideas. However, the findings of this study demonstrate that whilst creatives are idea generators and are interconnected with more team members doing specialist functions, they did not operate strategically as suggested by Lee and Lau (2018).

Interestingly, one insight that emerged from the data was that teams have been reconfigured to get as many different perspectives as possible in order to help and support the creative team. Indeed, it would be foolish to leave idea generation solely in the hands of the creative team as it puts them under too much pressure.

CS I think the teams that are coming in or are being developed or being restructured are basically helping the creative teams with where to go with those stories whether its innovation directors or you have social media teams or whatever it is (ECD, Group Owned agency)

PS any function can, and definitely does, come up with big ideas, and almost it has to be that way. I think if we put it all on creatives... you've got way less chance of coming up with enough good ones, versus if you let everybody have a go (Head of Planning, Group owned agency)

This finding is echoed in a review by Oliver and Ashley (2012 p.38) where they highlight a quote from Ian Batey (founder of a US ad agency) who suggested that creativity "it's too vital a function to leave in the hands of writers and art directors alone." The findings demonstrate that agencies view their businesses differently these days and want to be perceived as creative businesses and solution providers. Creativity has moved from the domain of the creative team (Bidlake, 2014) to becoming an organisational responsibility and capability.

DW I don't want us to be a business with a creative dept. I want us to be just a creative business. (Executive Creative Director, Group Owned)

The finding resonates with the idea of shared responsibility for creative ideas and solutions to client problems (Oliver and Ashley, 2012). As a result, a greater diversity of people are involved in the creative process to help with idea generation and problem solving.

Increased team diversity for creativity

Evidence suggests that functional team diversity will improve creative output whereas demographic diversity (i.e. age, gender, ethnicity) does not (Bell *et al.*, 2011). Teams which have more creative relevant resources will produce better creative results (Harvey, 2013; Hülsheger *et al.*, 2009). In this study, team diversity was investigated both in the creative team context and the client team situation. The relevant dimensions are ad hoc expertise, nature of the creative challenge, client as part of the team, and fluidity.

The main disciplines in agencies i.e. creative, planning and account management, bring together different skills, knowledge and expertise within the creative development process. It was interesting that when practitioners initially discussed the client teams they referred to the trio of Account director, Planner and Creative Director. However, a distinction was made between the external client facing team and the internal client team which varied depending on the objectives of the brief and the nature of the client problem.

FP there's a core team of people ... then a second layer of that whole multi disciplinary skills set that will be brought in as and when. (Head of Planning, Group owned agency)

BT You need teams of ideas people and then you can add in the support functions.

Well I don't really mean support functions but other specialists in the process....creativity, planning...insight/brand planning (Creative Director, Independent agency)

The study demonstrates that advertising agencies, regardless of size, or agency status (i.e. group owned v independent) agree that there is a core team which is supported by specialist functions. Moreover, the findings establish that ad agencies are utilising an increase in team diversity to achieve more and or better ideas for an improved creative product for the client which is likely to include greater digital expertise (Stuhlfaut and Windels, 2017). Agencies agreed that having a diverse mix of individuals on the client team was key to increasing agency creativity. However, the way in which this is achieved varied from agency to agency from employing more specialist experts with the right type of skills and expertise for a short period of time to a rise in the number of freelancers working in agencies.

DW I remember us on working on an interactive idea for ... a children's charity. We looked at the opportunity and said what we probably need here is a copy writer who is obviously one of our guys ...we actually went for an interactive gaming expert

because the nature of the opportunity...and a child psychologist...it is about getting the right people letting the creative challenge dictate what makes up the team (ECD, Group Owned agency)

IM some of those people are staff, and some of those people are freelance and some of those people are experts that you bring in as and when you need them. (Chief Creative Officer, Independent Agency)

The finding confirms the rise in freelancing in agencies demonstrating that agencies are adapting their team practices as a result. Moreover, the use of freelancers and specialists allows agencies to operate fluid teams enabling a more flexible and efficient use of resources to give clients "value for money" (Bushe and Chu, 2011).

Simply adding additional resource to a client account may not increase the creativity of the outcome (O'Connor *et al.*, 2018). Importantly, the findings of this study demonstrate that it is about having the right people on the project to address the creative challenge and is one of the key factors that drives the skill set and diversity of the team. Additionally, the complexity of the problem was also identified as a key driver of team diversity. For example, for a simple creative execution the diversity of the team is straightforward. For a more complex problem e.g. a brand relaunch or a global campaign then a greater diversity of team members is required.

DW If you are pitching for a piece of global business which is about... re-launching a brand globally and telling a very very complex story you probably want lots and lots of different people in the room which will give you a very different perspectives.

(Executive Creative Director, Group Owned)

A key insight beyond team diversity, is the ability to bring in the right people at the right moment and is a clear example of the development of dynamic capabilities (Teece et al 1997;

Teece 2017). The capability to utilise resources flexibly is a key advantage for any agency and relates to the concept of fluid teams i.e. those which have "unstable membership and are responsible for one or more important outcomes" (Bushe and Chu, 2011 p.181). The characteristics of fluid teams are that the members contribute diverse experience to the team and the project goal and then move on to other projects (Arrow and McGrath, 1995). There were many examples of fluid teams (Arrow and McGrath 1995) and fluid membership (Anacona and Caldwell, 2002) which were evidenced as being critical for agency creativity.

DW something we certainly push for is teams work in different ways they can split up they can bring a third party in and we can utilise them lots of ways we are very very fluid it is kind of a shape shifting creative department here in that at any one time when you bring in freelancers it can look quite different. (ECD, Group owned agency) ER although we have I think we've made improvements around our processes to stop it from being batton passing to bringing people in throughout that process to make it more efficient and slicker...you still need experts. You still need specialisms. You need an ability to operate as a fluid team to come up with the right solutions and

The dynamic nature of the teams has two important implications. Firstly, it means that agencies create the "right" team to solve the creative challenge and therefore create a better creative product. As suggested above agencies who develop and manage this dynamic capability will create a clear competitive advantage. Secondly, agencies can be more flexible in their approach with clients, use resources more effectively and enhance the financial returns for both parties.

quickly do it and efficiently. (Executive Strategy Director, Group Owned)

The final dimension mentioned was the client as part of the team which Wageman *et al.*, (2012) refer to as teams with multiple stakeholders. Agencies who included the client were viewed as an extended member of the team reflecting a new approach to team diversity and fluidity. Their presence as part of the team was fundamental where speed was a driving factor or in pitch situations.

IM There's a system we use here it's called hot housing where we get the client in the room... we will have all of the people sitting in the room that will be working on your business and were going to do the pitch with you.... If you involve your client in your business they will like the work more. ... we now do that with everything. (Chief Creative Officer, Independent Agency)

Teams which incorporate customers views in the initial stages of the development process can increase the diversity of ideas (Sethi, Smith and Park, 2001). Interestingly, the incorporation of the client as part of the team is more prevalent than in the past. This is a move to copy or learn from other industries such as professional services where it would be unheard of to have an arms length relationship with the client. However, whilst there was agreement across agencies that clients are very much part of the team from a philosophical standpoint, there was also the suggestion from a number of agencies that there was a need for distance. This represents an interesting tension in terms of client inclusion on the team. It was suggested that it was not necessary to have the client involved at every stage of the process because the creative process is inherently "messy" and vulnerable particularly when the team is working through ideas some of which may not work. Additionally, agencies suggested that commercial pressures bring a need for distance in terms of objectivity.

Finally, agencies are looking outside the advertising industry for examples of best practice in other industries such as film animation, the digital world and big successful brands.

There are some fantastic companies around. Brands like Google and Pixar and Apple. Brands that are really using creativity to engage with the real world and change that world for the better.... we do should be a bit more ambitious and learn from them (ECD Group Owned agency).

This finding clearly demonstrates that agencies are benchmarking themselves against companies and brands who are perceived to be either highly creative and /or deliver excellent team performance in order to look for ideas on how to improve their performance and evolve.

Discussion and Managerial implications

The exploratory study examined the interesting but largely unexplored area of teams in creative advertising agencies and the how drivers of change in the industry are affecting team composition, diversity, and creativity. The media landscape has fundamentally changed (Kumar and Gupta, 2016; Sheehan and Morrison, 2009; Schultz, 2016) and traditional ad agencies appear to be losing ground to new media operations as they are not as responsive due to their size or culture (Mallia and Windels, 2011). The growth of digital media suggests that new organisational approaches and structures are required (Sheehan and Morrision, 2009) and few studies provide insights from practitioners about how the changes affect practice (Lee and Lau, 2018; Stuhlfaut and Windels, 2017; Wagler, 2013). The purpose of this paper was to review and discuss the drivers of change in the advertising industry and how these changes affect team composition, diversity, and creativity in creative advertising agencies. The research questions addressed how functional team diversity has been affected by changes in the digital media landscape and, how are agencies changing their practice to develop team resources to improve performance and ultimately enhance the creative product. The changed media landscape is forcing agencies to think and work differently. The findings of this study demonstrate that new team structures ae emerging within creative ad agencies as

they respond to the changing environment. Different strategies are being employed as agencies rethink their approach to developing new team capabilities to compete and outperform other agencies. Accordingly, RBV (Barney, 1991; Wenerfelt, 1984) and dynamic capabilities (Teece *et al.*, 1997) has been used as a guiding lens.

The findings demonstrate that the creative team of today is more likely to include a range of skills and expertise to reflect the digital disruption of media in the industry. Traditional art director/copywriter creative teams have been extended to include digital specialists i.e. UX user and customer experience specialists and so teams are much larger than they once were (Sasser *et al.*, 2007; O'Connor *et al.*, 2018). The new media landscape has put pressure on agencies to develop new competencies (Sasser *et al.*, 2007) in digital skills, aimed at producing more technical solutions and ideas in the creative process (Öberg, 2013). Teams have moved from a depth of specialism in offline media to encompass a breadth of skills to adapt to the digital media landscape.

Teams are changing to reflect the complexities of modern organisations (Tannenbaum *et al.*, 2012). In knowledge intensive organisations (Alvesson, 1993) there has been a move towards cross functional team teams (Mathieu *et al.*, 2017) and the findings demonstrate that ad agencies are a prime example of where this is happening. Client teams have always been multi functional as they embrace creative, strategy and account management (Ensor, *et al.*, 2001). However, agencies are experimenting with new approaches to team diversity and the way in which teams operate as evidenced by the introduction of hot house teams and hack days. In both cases the team members (often including the client) met for a short period of time to work out the nature of the problem and an agreed approach to develop the solution. Interestingly there is a tension regarding the client as part of the campaign team.

Philosophically agencies agree that clients are part of the team. However, the operationalisation of clients as team member varied enormously. It was suggested that clients were team members in the early part of the process in terms of idea generation and brand understanding. However, there was a point at which it was unnecessary to have the client on the team when rough ideas were begin produced.

Team diversity is achieved in different ways from having many cross functional team members to the inclusion of freelancers to a specialist in psychology or app development. Set creative teams are not the norm anymore. There was evidence of bundled teams, extended teams and the use of "floaters" to boost the idea development of the creative team. The "floaters" were said to said to bring in critical and useful insight and their years of experience to the creative teams.

There has been a fundamental shift in thinking about the responsibility for creativity in ad agencies. This study has demonstrated that the capabilities that were once the domain of the traditional creative team has been developed beyond this context even beyond the department to be an organisational capability as a result of both changes in the media landscape and other issues affecting the industry. This is an important finding because it challenges the way in which agencies think about their teams as resources and indicates that other capabilities need to be developed.

Team diversity helps to address knowledge gaps but does not necessarily guarantee improved performance. Whilst it is advantageous in terms of developing "better" creativity, it is not without its tensions in terms of management of the creative process (Hackley, 2003, Kover, 1995, Kover and Golddberg, 1995). Tensions still exist across the functional boundaries of creative, planning and account management in todays agency environments and so increased diversity to increase creativity makes teams more difficult to manage (Bushe and Chu, 2011).

The critical issue is that this must be co-ordinated otherwise the benefits do not emerge (Huckman and Staats, 2011) making strong leadership a key competence to develop (Nixon, 2011).

There are no magic answers to address the optimum client team in agencies as there are many influences which may be dynamic and complex (Mathieu *et al.*, 2017). It depends on many other critical factors such as the nature of the problem presented, the influence of the client, and whether there are other agencies involved. Increased pressure from clients for quicker and more responsive solutions, has led to agencies experimenting with different approaches. "Hot house" teams, and teams including the client to make the creative process more agile (Lynch and West, 2017) is a growing phenomenon.

Contemporary dynamic teams encompass fluid membership along with multiple team memberships which may be necessary to meet the objectives of the project or task (Bell and Outland, 2017). Teams are much more fluid than previously. One of the reasons to utilise fluid teams is that different skills are required at different stages of the creative process. As a result, the team benefits from knowledge skills and expertise of an outside expert for a short period of time (Bell and Outland, 2017). Project teams which operate in dynamic situations need flexibility (Huckman and Staats, 2011). This is particularly true of ad agencies. They need to be able to form client teams to reflect the needs of the client brief which may vary from a traditional solution to a more contemporary outcome e.g. UX technology or app development. The findings confirmed that this type of dynamism is in evidence where critical experts such as a psychologist are brought in to give an understanding of a specific aspect of a campaign. Additionally, the findings reflect the views of industry that key personnel no longer have to be a full time employee to fulfil this role and could easily be a freelance copy writer or strategist or indeed a more specialised team member for a particular problem. The

flexibility offered by fluid teams has become a growing trend. Agencies who can develop a fluid team composition capability (Teece *et al.*, 1997) will allow their teams to improve their creative performance and may also contribute to efficiency in terms of the availability of resources and its effectiveness (Bushe and Chu, 2011).

Agencies are looking outside the advertising industry for examples of best practice from other industries such as film animation, the digital world and big successful brands. They are benchmarking themselves against companies and brands who are perceived to be either highly creative and /or deliver excellent team performance in order to look for ideas on how to improve their effectiveness. Again this indicates that those agencies who can utilise benchmarking as a capability may well improve their performance.

It has been argued that increased diversity may improve agency creativity here and previously (Lynch and West, 2017). However, it is not just about diversity. Agencies need to consider building their capabilities in operating fluid teams that will achieve an improved creative product and better use of resources in order to meet the demands of the future.

Limitations and future research directions

The research design did not follow a traditional team study approach and instead utilised a key informant strategy capturing the views of senior managers in advertising which may be viewed as a limitation. However, key informant strategies are used widely and are necessary in marketing and management research (Homburg, Klarmann, Riemann and Schilke, 2012) because they are knowledgeable about the issues under investigation (Kumar, Stern and Anderson, 1993). This is pertinent in an advertising context where there is a small population of agencies and ease of access is acknowledged as extremely difficult (Sasser and Koslow,

2008; Stuhlfaut and Windels, 2011). It could be argued that the use of creative advertising agencies may also be viewed as a limitation and so further studies using a wider range of agencies would be pertinent. Despite the limitations, the research acts as a springboard for further team studies in advertising creativity. Future research which explores cross cultural studies of agency creativity for comparison purposes would be very interesting and the notion of clients as team member would add to research in the area of the client/agency relationship.



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Table 1 Interview Participant Details

Creative Advertising	Agency	Position in agency and	Years
Agencies	code	pseudonym	Experience
Group owned	1	CEO (AY)	35
Independent	2	Creative Partner (BT)	20
Group owned	3	Executive Creative Director (CS)	20
Group owned	4	Executive Creative Director (DW)	34
Group owned	5	Executive Strategy Director (ER)	15
Group owned	6	Head of Planning (FP)	15
Group owned	7	Head of Planning (GJ)	21
Group owned	8	Senior Planner (HK)	8
Independent	9	Chief Creative Officer (IM)	20
Group owned	10	Account Director (JP)	25
Independent	11	Creative Director (KB)	30
Independent	12	CEO (LT)	19
Independent	13	CEO (MW)	20
Independent	14	Account Director (NP)	26
Group owned	15	Creative Director (OW)	10
Group owned	16	Head of Planning (PS)	17

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Dear Julie

I have addressed all the comments from reviewers 1 and 2 and thank them very much for their time and continued support for this paper.

I have addressed all the comments from reviewer 1. Hopefully the paper makes the links more successfully and aids understanding. The typos have been addressed and I have added the missing references to the reference list. In particular I have addressed the link between creative ad agency teams and team diversity and performance. You will see a better link paragraph and that the section has been amended for a better understanding and flow.

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J removal of L
ggestion also.

arer paper and is a more \(\) Reviewer 2 - again typos addressed and removal of Brexit comment - replaced by economic uncertainty to address reviewer 1 suggestion also.

I hope that this makes a much clearer paper and is a more accomplished version.

Yours sincerely