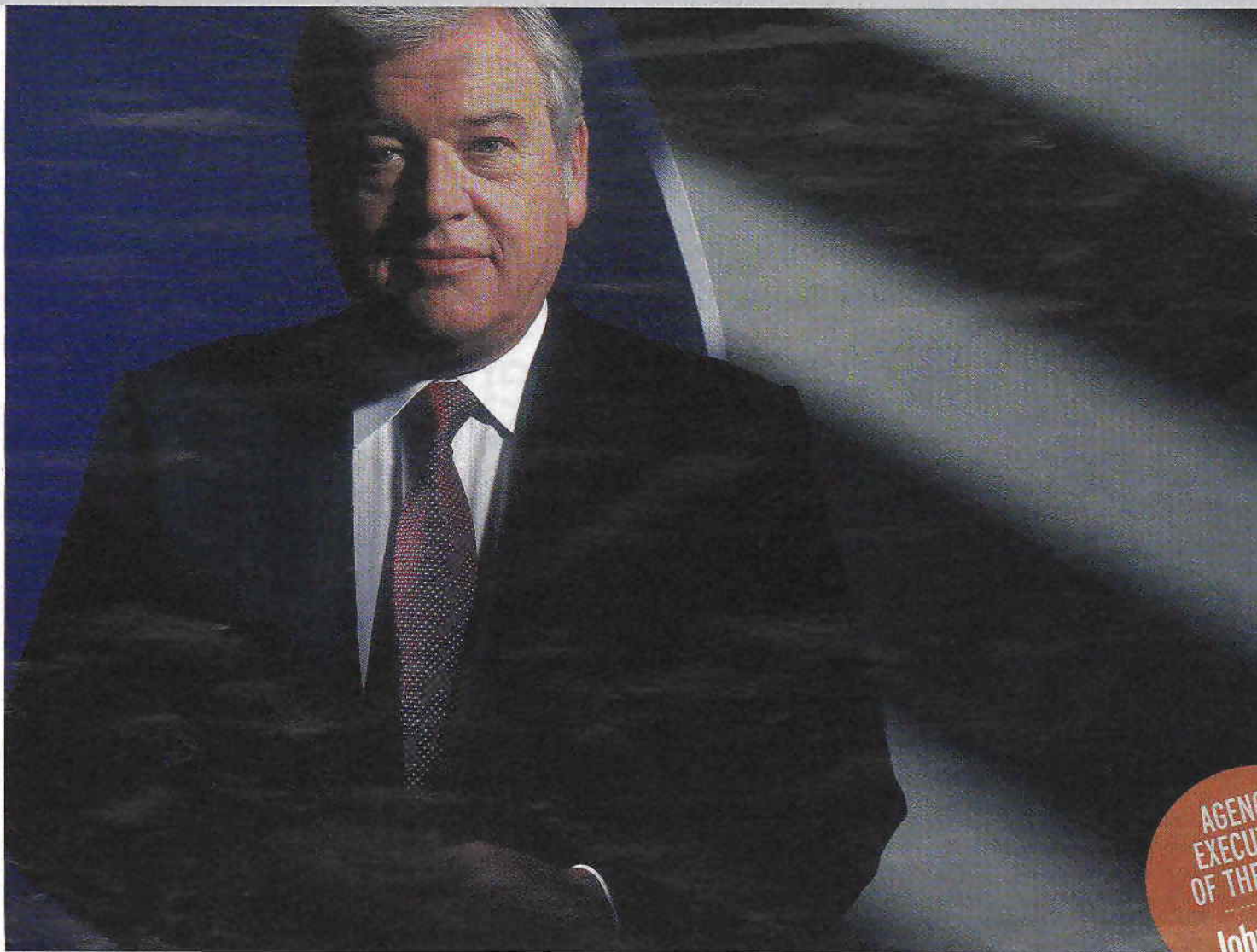


# Special Report AGENCY OF THE YEAR



AGENCY  
EXECUTIVE  
OF THE YEAR  
John Wren

## Wren gives Omnicom tools to reinvent the ad world

Chief executive demonstrates how the large agency holding company should function

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THERE ARE THOSE who argue the ad agency is too volatile a business to be publicly held, subject as it is to the whims of clients and creative talent, two of the most finicky and temperamental groups of people you'd ever want to meet. It's a pretty persuasive argument, right up until you come to the case of John Wren, who in his decade as CEO of Omnicom Group has made a turbulent industry seem downright calm.

Maybe more than in any year since he took Omnicom's reins, Mr. Wren demonstrated in 2006 that the holding-company model can work—and not just for agency owners taking earn-outs.

Consider the accomplishments of the Agency Executive of the Year: First, there's the stock, which soared over the \$100 mark. Then there's the company's unparalleled success at keeping clients such as Dell and Visa, which both grew frustrated with one Omnicom-owned agency only to shift to another in the fold.

But perhaps most important in the long-view are Mr. Wren's continued strides in

preparing a company that began 20 years ago as the merger of three elite ad agencies for what is essentially a non-advertising future.

Already, Omnicom derives more than 40% of its revenue from marketing services such as customer-relationship management, PR and interactive. It's a share that's sure to grow as consumers spend more time on the internet and their mobile phones and become harder to reach with TV advertising—and major marketers shift budgets accordingly.

### PLAYING CATCH-UP

Big challenges also loom. Omnicom's biggest client, DaimlerChrysler, is a mess. And in all-important regions such as China and India, the places where the ad business sees most of its growth, Mr. Wren is playing catch-up with rivals WPP Group and Publicis Groupe. He took some big action in that part of the world last year, including a new partnership with the Citic Group, one of the most influential conglomerates in China. In its third-quarter results, Omnicom saw some improvement, but it still has a way to go there.

In early December, Mr. Wren, 54, sat for a wide-ranging interview with *Ad Age* in which he discussed everything from the changes facing the business to gossip that he's planning to retire in two years. Here are some of the highlights:

**On whether media agencies should be re-**

**bundled:** "We were criticized because we were the slowest to put media together. But media doesn't report to Omnicom; it's owned by the agencies. There's no czar that reports in to me that doesn't give a damn about the agencies. I don't have to unravel anything. There's not a perfect model out there, but this is a problem I don't have."

**On succession:** "I think it's more of a problem for my competitors than it is for me. Michael Roth is 60. Martin is 61, and I know he'll be 62 on Valentine's Day. Maurice is 64. I won't be CEO when I'm Martin's age. This is no reflection on Martin, but next year will be my 11th year as CEO, and you always have to guard against a couple of things. You have to bring things to the party besides being the boss. You have to create ideas, revenue in order to do this job well. There'll be a moment, and I don't know when that will be, when I—or someone else on the board—will say the same old juice ain't flowing."

**On further consolidation in the agency world:** "It's hard to believe it doesn't happen at some point in the not-too-distant future. Four could easily become three. I'm not sure what the combination will be, and it doesn't really

bother me too much. Every few years, you guys announce someone else as being bigger than me, and when the audited numbers come out, it's not the case. I'm not focused on being big per se. I'm focused on quality."

**On how his agencies are changing:** "It's not your mommy's Michael Jackson commercial anymore. Good work isn't just coming from specialist companies; the better-quality brands are doing it, and demographics will take care of the rest. We're already populating our companies with a generation that didn't just watch a static TV program and get mind-screwed by the boob tube."

**On agencies as content creators:** "It's easier for Omnicom to do that than it is for BBDO, in a funny way. You can't go to a major client and say, 'Pay me for my time and my profit,' and say, 'I want to be a participant in the result.' It's nice to think that you could, but I've been thinking about that for a helluva lot longer than it's been popular. The model's been in place for a long time. It does become interesting that as the world becomes more digital, there's more flexibility to create shows or concepts or characters that you can own a piece of. 'We deserve it' is a silly argument. We don't necessarily deserve anything. We need to create and invest, and if it works, then we deserve it."

**On the drop-off in holding-company pitches:** "I don't think that ever existed, except in the minds of people looking to spin stuff. The CEO of the company always went in with their [agency] brands."

**On the role of the corporate level at Omnicom:** "It's not as simple as saying that Omnicom is a financial holding company. Its primary responsibilities are Wall Street, making sure the right resources are there and making sure capital is spent wisely, but it does other things, too. It spends a lot of time on training and development and education and experimentation.... And in the holding company pitches per se, my role is as the guarantor of what they were being told by one of my major brands."

**On DraftFCB and new agency models:** "I've set up these environments and moved these assets before anyone came up with that particular model. It's not a static environment we're living in. Because of my roots in [Omnicom's Diversified Agency Services], I have the expertise to be even-handed with all three of my networks in getting them those resources. Of course, everything that works really well, you remember it as a strategy. That doesn't

mean something else might not be equally appropriate. Models have to be reflective of what clients want."

**On 2007:** "Over the next 24 months, I think we're moving into a sweet spot because of the Olympics and the elections. I'm bullish about that."

"The only two markets we don't have leadership parity with the best of my competitors are China and India. I have people working on that, and that's going to incrementally add to my growth. The dollar helps because I've got a multinational

company. I do suspect the first six months of 2007 will be challenging, though not especially for us. During a recession, things like sales promotion and the internet become more important than brand-building, and we have all those bases covered."

### Why he was selected

- Steady hand at the helm
- Kept marketers within the umbrella group
- Prepared company for future changes as marketing evolves