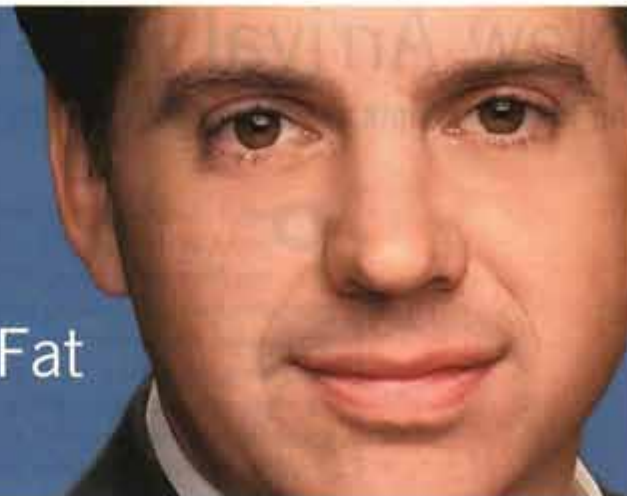


Production Agencies: How We Trim Fat



The last five years have seen an increased emphasis on marketing accountability. Public companies especially must show shareholders a straight line between marketing expenditures and revenue growth, and have put increasing pressure on their marketing departments to deliver with high-ROI programs.

The current economic meltdown has increased the emphasis on measurable results, while driving down marketing budgets. This has left marketers with less to spend and a need for greater effectiveness—and opened up an opportunity for traditional premedia firms willing to recast their operations as production agencies. Our firm, Graphic Systems Group, made the transition 15 years ago and is thriving because we help our clients reduce costs and boost efficiency by better managing their production processes.

A production agency specializes in the work that needs to be done after the creative idea, media plan and campaign have been approved, to produce the final, media-ready creative assets. It is the range of services that advertising agencies often refer to as “below the line,” but which today can account for as much as 50% of what a brand spends with its agencies. These services include mechanical preparation, typesetting, retouching, video editing, reformatting and resizing, color correction and management, print production and managing delivery of assets to the media outlet.

The production agency's role is to maintain the quality and creative integrity of the brand message

across the entire spectrum of media choices, while reducing costs and turn times. While readily accepted in the European Union, where an estimated 80% of marketers use the services of production agencies, the U.S. marketplace is only now awakening to the concept. Early U.S. adopters include Citi, Colgate-Palmolive, Elizabeth Arden and Procter & Gamble. These companies have found that they can reduce production costs by up to 60% by using the services of a production agency.

Production agencies are gaining favor as clients want more accountability and tangible results from marketing spending.

It's not magic. The production agency model provides a host of incremental structural, technology and process improvements that add up to big efficiencies, cost savings and improved quality for marketers. These improvements include leveraging the latest workflow and production technologies, improving economies of scale, optimizing processes, eliminating duplication of effort and implementing best practices across the entire production process.

The production agency model provides marketers with a range of benefits, most of them measurable in terms of decreased costs and improved efficiency. GSG typically reduces billing for its clients by 30% to 60%, compared to creative agencies and in-house alternatives. Production cycle time savings can be as high as 75%, which has the added benefit of greater flexibility and the opportunity to produce more work in the same time. This model provides marketers with a single party that is accountable for the entire production process, and it improves brand consistency by creating a single quality-management checkpoint for all products. ■

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