

A virtual reality

Flexibility of virtual agencies attracts senior people and offers significant cost advantages

In 1995 Alan Hallberg made headlines when he set up the world's first virtual advertising agency. He managed the Hallson International Advertising Agency from his home in Paris and communicated by email with his clients and his creative team.

Twelve years later, we have progressed to the point where advertising agencies are taking an active interest in *Second Life*, an internet gaming experience in which players help to create the environment of the virtual world they are interacting with. Leo Burnett announced the launch of Leo Ideas Hub – a virtual branch of the agency, which will run in the *Second Life* world, alongside the newly launched *Second Life* offices of Bartle Bogle and Heggarty.

“The people we want to employ are all at the top of their game and they simply don't want to drive to an office and sit there all day”

While *Second Life* may be a new frontier for companies, the terms ‘virtual firm’ and ‘virtual company’ have been bandied around since 1995. Academics began examining the minute operational procedures of the virtual company and traditional companies began worrying about having to enter this arena. For the companies that have succeeded in doing so however, it seems that honesty has been the best policy when explaining why they have taken the virtual approach. The law firm Woolley and Co, explained to the UK's Equal Opportunities Commission: “We get incredibly high-quality lawyers from top firms joining us because of the lifestyle they can achieve. We would never attract these lawyers to a small firm like ours without this flexibility”.

British Telecom too has stated that its ‘anytime, anywhere’ approach to working, allowing employees to control their hours and location, has saved the organisation about £5m in recruitment costs, increased productivity by 31 per cent and saved £70 million a year in reduced accommodation and overhead costs.

Ashley Communications has been operating a successful virtual European



medical PR agency for ten years. Its founder, Chrissie Ashley, believes that the company's continued growth has resulted, in part, from its ability to keep overheads low and staff at director level. “The people we want to employ are all at the top of their game and they simply don't want to drive to an office and sit there all day. They want to be paid for what they achieve, work where they choose and for an employer who realises they are grown-up enough to know what a deadline is,” Ashley states.

“Virtual companies are perfect for knowledge-based consultancy and agency services, particularly those that need to work across borders”

Virtual communications agencies and consultancies are an accepted way of working in the US, and now the increasing pressure in Europe for a more flexible way of working is taking us the same route. Established companies

and start-ups alike are realising that the advantages a virtual company holds over the traditional agency far outweigh the disadvantages, and positively affect the bottom-line. Workers on the other hand like the flexibility of working from home and managing their own hours, so it is a win-win. Happy workers stay in their jobs longer and are far more productive. Several other advantages that a virtual company offers are outlined below.

Better cross-border operations

Virtual companies are perfect for knowledge-based consultancy and agency services, particularly those that need to work across borders. In the old model, agencies working across Europe had two main choices:

1. Fully owned offices

With this option, there are more cons than pros. No agency can offer the same quality full-time employed staff in all key countries – the amount of work available locally differs and so does the quality of the employees. An employee working to a line manager in one country on a pan-European account has to juggle work and priorities. Working in a team that lacks a shared line of authority is difficult. Also, any good agency is likely to have a local client in most key disease areas so they

cannot handle a pan-European account in the same field.

2. A network

Networks are fraught with most of the problems of fully-owned offices; the only advantage is the lack of risk for each of the network members in that they don't have to invest in offices in other countries.

The Virtual Agency now offers a third option. It's easy to build up a loose framework of people and companies in different countries because they are already used to working remotely. Ashley Communications, for example, has directors based in France, Germany and Spain – working as part of the pan-European

“The virtual agency can afford to pay senior people the right rate for the job because it has low overheads”

team with a hub office west of London. Each director has a team of local people that they can work with. For conferences or meetings in Europe, they can put together a team based on relevant expertise, language skills and local knowledge. The individuals all know each other well and should be able to slip into teams seamlessly.

Ability to pay for the best

The best people are expensive and to employ them full time makes little sense. They may not be needed on Tuesday afternoon, but you might need them to work late into the night on Thursday. The virtual agency gives them deadlines and milestones for delivery and then allows them to fit work in around their home lives. The agency only pays for the hours that are actually productive. Senior people know how to manage their time and are more likely to show loyalty to a company that treats them with respect. Clients receive top level staff and services for middle level fees. Everyone wins.

Lower staff turnover

The high staff turnover within traditional communications agencies is unsettling for both agency and client. Good people are difficult to find and hard to keep, as they are enticed to other agencies by higher salaries. The virtual agency can afford to pay senior people the right rate for the job because it has low overheads, only pays staff for the hours worked and passes this cost on to the client. Rather than huge financial incentives, it enables staff to have a home life and to feel valued and trusted.

A recent UK Equal Opportunities study pointed out that the US airline Jet Blue has 80 per cent of its reservation staff working from home and, as a result, its staff turnover is only 4 per cent, against the industry norm of 30 per cent. Another survey – *How Engaged are British Employees? (2006)* – found that flexible-work employees who are satisfied with their work-life balance tend to be more satisfied with their work, more positive about their organisation and less likely to leave.

A more senior offering

The most common client complaint is having their account assigned to an inexperienced employee. To succeed, the virtual agency has to employ senior staff. Working from home/flexible hours requires individuals with experience of deadlines and time management. It requires someone with the ability to work alone and deliver without supervision. Traditional agencies struggling with overheads try to cut costs by employing trainees. The client of the virtual agency can expect to have more senior people handling their business. It pays to employ an experienced person at £80 an hour instead of a junior at £30 an hour, who takes three times as long to do the job.

Negative aspects

It takes a different management mindset to run a virtual agency. Ashley Communications principals offer ten points of advice:

- Change your mindset – if you run a virtual consultancy you have to be a

“The main challenges are not so much for the agency, but rather for clients who need to get up to speed with the technology”

facilitator, not a line manager.

- Introduce staff to each other – face to face where possible but via email if not. Ensure you include people's experience and potted history to build trust. Avoid anything that can be misconstrued as competitive between them.
- You might only have two or three service staff in the centre, but they have to be the best and up to servicing the needs of remote staff.
- Hold an annual get-together to say “thank you” to them all. It's well worth the investment and travel costs.
- Be aware that even the most senior staff are human and can sometimes feel isolated, so ring them regularly to find out how they are.

- At the start of a new project, bring together the people who will be working on it and set out the structure, responsibilities and target deadlines very clearly. Popping in and out of each other's offices as a project progresses, is not possible with a virtual agency.
- Encourage interaction and a “team feeling”. If a client has sent a glowing letter about a project, circulate it to everyone. Ask for creative ideas on a new project and send a notice when

“Virtual agencies are established and flourishing, which can only be good news for the European pharmaceutical marketer looking for the best consultants at the best price”

new business has been won.

- Look after your tried and tested core staff. Increase the network only when you have to and don't employ someone just because his/her rates are lower. Remember that 20 people working 20 per cent of their time with you do not form as strong and loyal a team as 10 people working 40 per cent of their time for you.
- Set clear internal billing rules. Let agency staff know at the outset how you expect them to track their time and present it on their invoices. Ensure workers are clear about acceptable travel expenses.

The Ashley formula seems to have worked well for PR and there is an increasing number of advertising agencies that have also got it right. Robin Smith set up the general consumer agency – Host Universal – in 1997, which is based in London. Since its inception, it has grown from strength to strength. According to Robin and his partner, Bruce McKinnon, there are massive opportunities in advertising “because of the visual, personal, active, values-driven aspects of virtual marketing and brand work”. The pair feel that the main challenges are not so much for the agency, but rather for clients who need to get up to speed with the technology.

Virtual agencies are established and flourishing, which can only be good news for the European pharmaceutical marketer looking for the best consultants at the best price.

Lesley Bygrave is a freelance PR consultant based in Berkshire, UK.