
The Complete Agency Traffic System

A Step-by-Step Plan
for a More Orderly Agency



S E C O N D • W I N D • L T D.

The Complete Agency Traffic System:
A Step-by-Step Plan for a More Orderly Agency
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Introduction

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When you were tiny and there were just a few jobs floating around your shop, it was easy to keep track of them. Now, you're busy. Busier than you ever thought you would be. There are 50 or 60 or maybe 100 jobs in various stages of development in the agency... not to mention the charity jobs, the spec' work and your daughter's prom invitation. How will it ever get done ???

If you have these constant feelings of impending doom, it may be time for you to formalize your traffic procedures and maybe even to hire a traffic manager. This seminar gives you a step-by-step method for establishing and maintaining a 365-days-a-year traffic system in your agency or graphic design studio.

As always, systems are only as good as the commitment behind them. So much of what we write about in this manual deals with the age-old agency success factor—people. If the agency is committed from the president to the delivery person to manage and maintain an effective level of traffic control, then almost any system will work. If that commitment is not there, then no system will ever work. Keep this simple rule in mind as you read through and implement this program—"systems are no better than those who operate them."



Part I

First Things First



A Short History of the Advertising World

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Advertising in America is BIG BUSINESS! From 1995 to 1996, total U.S. advertising revenues grew 8% to a value of \$61.3 billion U.S. dollars. That ranks advertising, as a total industry, right up there with transportation and healthcare, and far ahead of such giants as banking, food, and chemicals.

A lot of the advertising dollars generated in this country are done so by advertising agencies working as representatives of particular clients. These agencies, approximately 25,000 in the United States, are large and small, although on average they tend to be smaller rather than larger organizations. Some agencies specialize in a particular type of advertising or industry, but most handle a wide variety of accounts from retailers to real estate, from manufacturers to morticians. Some are located in major metropolitan areas such as New York, Chicago, and Los Angeles. Again, research shows the majority of advertising agencies are found in smaller cities and towns.

Small organizations in places like Toledo do business with local manufacturers and retailers. This doesn't sound like the advertising agency business of legend: "The Man in The Gray Flannel Suit," David Ogilvy, J. Walter Thompson, long lunches, first class travel, glamour and all the trappings. The explanation for this public perception of advertising agencies lies in the fact that we believe what we are told. The media has popularized a vision of an advertising agency as a place where large national clients come and spend millions of dollars to have beautiful thirty-second films made and strategically placed on shows like "Seinfeld" so that everyone in America can view the commercial and run right out to buy the product. The truth is that a majority of the advertising dollars spent in this country are spent by small businesses. Small businesses are the heart and soul of advertising revenues in this country. Annually, they generate the need for ads, logos, brochures, sales literature, catalogs, direct mail pieces, and countless other projects; when taken in aggregate these add up to much of that \$125 billion in advertising revenues spent each year. The big agencies have the glamour. Each of them does hundreds of millions of dollars a year in billings, almost all of it with larger corporate advertisers. However, there are few of them (about 100 in the nation). The smaller agencies, on the other hand, have the volume.



Much of the advertising work done in America for business is done by relatively small organizations who specialize in creating, producing and placing advertising for small budget clients.

Advertising. Isn't this a strange business? Acting as an agent for people who want to place advertising in a media. Creating the ad itself and then analyzing the results. How did we get to this point? I mean, this is not a basic industry, it is not manufacturing or anything really necessary for our existence. Advertising is something the world could survive without, couldn't it?

No. I don't believe at this point in the post industrial era that the world can survive without information. And advertising is just that—the dispersal of information in the most efficient way. Information is necessary for a society to survive. In feudal times, it was called a decree or proclamation. The totalitarian societies called it propaganda. In America, as usual, we do it with a slant on the free market. Advertising fulfills our need to sell something. America was built on that premise.

How did it get this way? How did advertising in this country and, for that matter the world, come into being? Let's look at some of the greater moments in advertising history.

Advertising of one sort or another has been around since the beginning of time. The serpent advertised some good eats to Eve back in the Garden. But advertising was basically just another way of spreading and distributing information until the 19th century, when advertising agencies came into being. The agency business began in the mid-19th century. Way back then, agencies did not even prepare ads. Their sole function was to place advertising. The advertising agency of the 1870's conducted its affairs from a one room office. A prospective "customer" (who would not be known as a client until several decades later) climbed a flight of stairs, opened the office door, and found himself in the agency—right in the middle of it, with no railing or counter to detain him. In one corner of the room sat the boss, whose name the firm generally bore. In another corner at a slant-top desk sat the estimate man, who quoted rates and expenses, with his heavy scrapbooks. A bookkeeper stood by his upright station, with the copying press and office safe close at hand. Finally, a check-writing clerk and office boy tended to their miscellaneous tasks. No telephone or typewriters intruded on the sounds of scratching pens and riffling papers. At the rear of the office, separated by a low partition, were rows and rows of cubbyholes filled with periodicals, like at the public library.



There were no copywriters, art directors, account executives or marketing experts. None of these mainstays of 20th century advertising had yet been invented. As we said before, the sole purpose of an advertising agency was to place advertising. In fact, when the first advertising agent, Volney Palmer, opened his Philadelphia shop in 1843, he in effect worked for the newspapers he represented: soliciting orders for advertising; sending along, but not preparing, copy; and collecting payment for the media. Later, his successors acted as independent space brokers, taking their pay in a commission from fees paid to publishers. For most publishers, advertising agents were a tolerated nuisance. In fact, many better magazines of the day carried no advertising at all. Advertising was considered an embarrassment. A firm risked its credit rating by advertising; banks might take it as a confession of financial weakness.

Everyone deplored advertising in those days. No one took credit for it. Advertising was used mostly by patent medicine manufacturers and land speculation companies. The entire business was conducted in a half-light of bunkum and veiled appearances.

It took years for the business to make itself respectable. Eventually, through the efforts of such advertising notables as J. Walter Thompson, who brought scrupulous honesty in his dealings to the agency business, and Cyrus H.K. Curtis, who literally invented the modern day magazine, the business gained stature. Coupled with fast-growing national markets that demanded consumer products, manufacturers were forced to use advertising to “spread the word.”

Into this dynamic environment came Albert Lasker, the man most responsible for evolving the advertising agency into something close to its present form. Lasker, who owned Lord & Thomas, the first great agency of the 20th century, saw the importance of the creative process in advertising a product. Instead of trusting advertisement creation to the client—or worse, to the composing room foreman of the newspaper or magazine—he hired copywriters, and later, artists to create a look and style for ads, so they would stand out from the rest. With this pioneering philosophy of creativity in place, Lasker expanded the role of the account executive to mediate between the business realism of the client and the touchy egos of the creative staff. Lasker’s contributions permanently formed the dynamics of agency work—client on one side, creatives on the other, with the account executive shuffling between.

Lasker hit it right on. Advertising, almost overnight, became respectable, even believable, and certainly enjoyable. The term, “It is spoken about well in the advertisements,” came into being around this time. For his innovations, Lasker was well rewarded. It was reported that he made \$3 million dollars a year at the height of the Depression.



We could go on and on about advertising history, from the great radio shows and jingles of the '30s and early '40s, to the post-war boom in the late '40s, '50s and '60s when such notables as David Ogilvy, Bill Bernbach, Rosser Reeves and others made their mark and network television was king.

Advertising was a different business then. Not like it is today. In those days bold, young advertising creators had an opportunity to work directly with leaders of companies to create memorable images for products. Not so today. In most larger companies, advertising is a technocratic process, much more based on marketing analysis and studies than on visceral instincts. By the time the ad moves out of committee, it is usually watered down sufficiently to make it a non-entity. The bold creators don't even come near the real decision makers, and decisions are made more and more by committees rather than individuals. This is a shame, because on today's crowded airwaves and pages, only exceptional creative product stands out.

What are we to do? What's to become of the advertising industry? For that matter, what will happen to advertising itself? Will it cease to exist as we know it today?

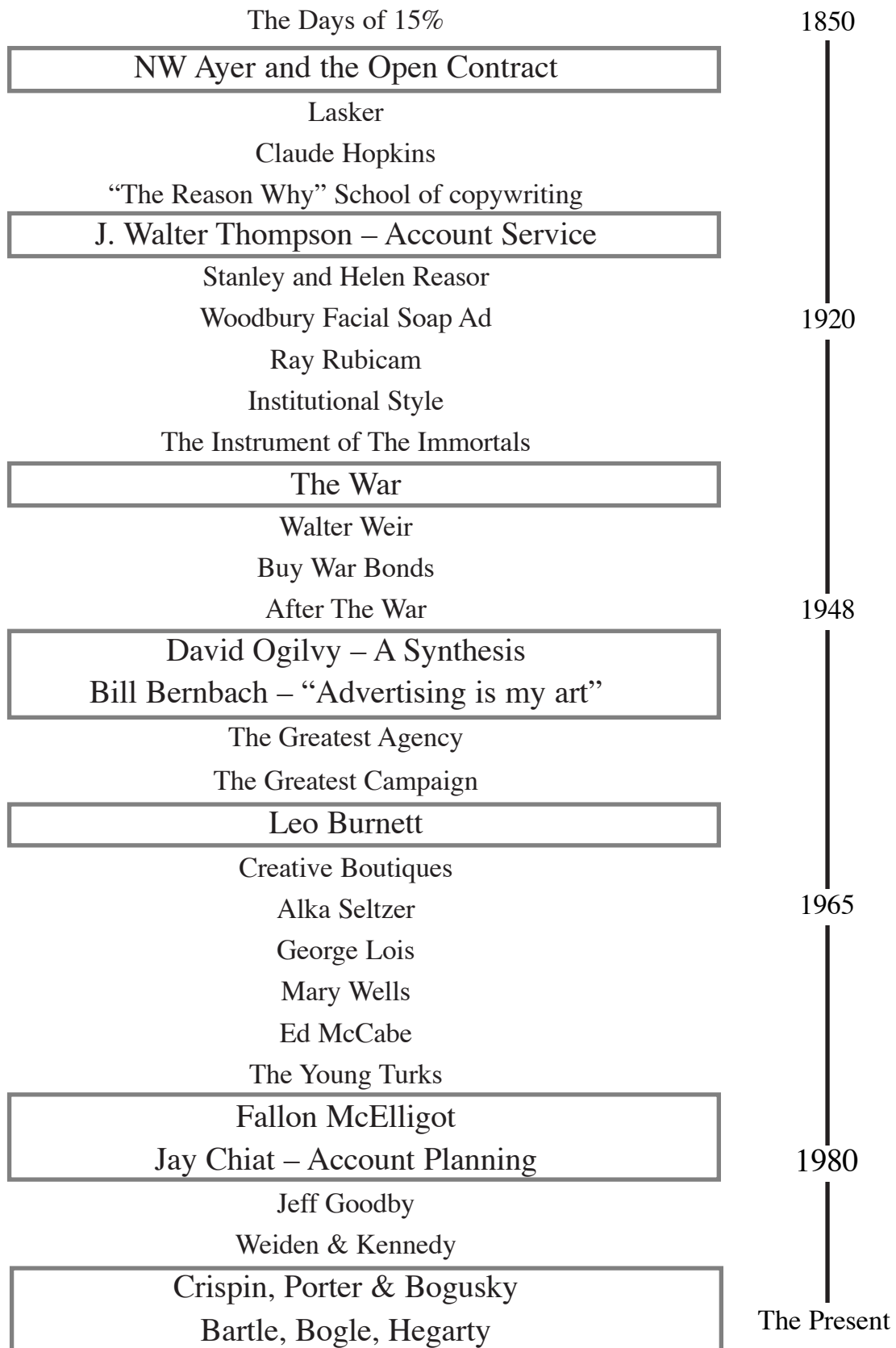
I think not, at least for the time being. Advertising still serves a very useful function in our society. It informs and it motivates. Yes, folks, that's right. Even with all its puffery and half-truths, advertising is the best form of information for a free-market world. If you think that Ronald Reagan opened the way for democracy in Russia, think again. It was advertising. Almost everyone in the world today has access to a TV set and much of the programming is American. I contend that when people in those countries see how well a typical American lives, they want it. Yes, I know that advertising exaggerates that life, but the truth of the matter is that we do have much more than other people living in other countries.

It is that quest for a better life that drives these people to strive for freedom. Americans have it, they say. They are free, and we want to be also.

A powerful message delivered to a waiting world.



Advertising Creative History Timeline



Reengineering – The Billion Dollar Misunderstanding?

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Recently, I received an announcement for the “Annual Reengineering Seminar,” sponsored by *Adweek*, and I must tell you I’m concerned. Someone once said to me that reengineering in the agency business is simply a euphemism for *fewer people doing more work*. I think there’s a lot of truth to that, but it’s nowhere close to the philosophy Michael Hammer and James Champy espoused in their bestselling business book *Reengineering The Corporation*. In this book, the authors advocate the radical redesign of a company’s processes, organization, and culture to achieve a quantum leap in performance. The trouble with many of the reengineering strategies implemented by agency principals since the publication of the book is that they have been heavy on restructuring the organization (downward), and light on changing the processes and the culture. This is very dangerous. To achieve the ultimate goal of reengineering (more performance, more profit), agencies have to be open to radically and systematically changing the way they do business before they implement personnel downsizing. Frankly, most companies are downsizing long *before* the new systems, technology, processes, and culture are in place.

If you have begun to embrace reengineering at your agency, or if you are at least thinking about it, I would like to give you some friendly advice.

1. Move away from paper-oriented systems.

Certainly it can’t be done all at once. However, the state of technology today allows you to begin moving away from daily operating systems based on paper, and toward operating systems based on the computer. Agencies have several things happening on a regular basis: the job jacket, the estimate, the schedule, the actual hours, the purchase orders, the accounts payable, the client contact reports, and the change orders. All of these procedures should be oriented toward the computer so that they are all available to everyone in the agency upon demand. Reengineering cannot take place unless you basically change the process.



Changing the process in an agency means moving tasks associated with job completion into the computer. You may have already accomplished this in the art room. The next step is to make the rest of the agency as dedicated to the computer as the art room. After that, with the approaching commonality in system platforms, you can link the front and the back of an agency together as never before possible. This will signal the onset of true reengineering in most agencies.

2. Learn how to be more virtual.

Almost all successfully reengineered advertising agencies learn how to be more virtual. Being virtual, in this case, refers to your ability to expand and contract your agency instantly depending on the size, type, or complexity of the business in-house at that moment. The ideal way to operate a “next generation,” virtual agency is to envision it as a shamrock.

One leaf of the shamrock represents agency ownership, one leaf represents employed core staff, and the final leaf represents the strategic partners you affiliate with. By nurturing your relationship with strong non-employed strategic partners, your agency can become as large, as creative, as technically proficient or as timely as the situation demands.

3. Be aware of architecture and space.

Reengineered agencies operate differently than traditional agencies. This becomes immediately apparent when you install new computer-oriented systems and cut the size of your staff. Two things come to mind.

First, there is a need to open up the environment. No longer do you need a lot of little offices or cubicles. Reengineered agencies do better in open environments with private areas for meetings, etc.

Second, remember that all employees, strategic partners, or even principals do not have to be in the same location. Telecommuting is a reality these days. So is telecommunications. I've seen a meeting take place where the client was in one city, the agency principal was at



the agency, the art director was at the printer's, and the public relations person (who was a strategic partner) was somewhere in Colorado. All of them were either tied together by the telephone, the computer, or a teleconferencing system. Who says you need the same type of office you may have needed ten years ago?

4. Take care of your people.

Many employees feel the real meaning of reengineering is “less people doing more work.” This is a problem. Many companies have embarked on reengineering programs by simultaneously changing the process, and downsizing. The lack of new process capability and expertise coupled with staff cuts can be very demoralizing to the remaining staff. New systems always bring confusion and false starts. With fewer people working the system, companies find themselves with a potentially dangerous human resource problem on their hands.

The need to install new systems in a reengineered agency, and the competitive need to have a smaller staff, are two reengineering realities most agencies will have to live with. Our advice is to make sure you have the full support of your staff.

Take the time to set up the proper structural and motivational programs to give your employees a real incentive to stay and a disincentive to leave. These programs include a complete job description; a fair salary structure; a yearly review; competitive health care coverage; a profit sharing program; and something as simple as a little recognition. The truth is, your agency cannot make it for one day without the good will of your staff. Reengineering is tough enough. You can no longer afford to have a lot of low-paid staff to cover your inefficiencies. Everyone in a reengineered agency plays an integral role. For goodness sake take care of your remaining core staff!

If you are careful about reengineering, and follow some of these guidelines, you may make it through to the other side—hence, on to the future. If not, I predict your agency will begin to fall behind. Systems, people, space, and virtuality will all leave you trying to drive your horse and buggy down the L.A. Freeway.

Today, three things are driving reengineering in this country:

1. **Customers** – who want what they want, when they want it
2. **Competition** – who will do it for them
3. **Change** – in the last few years the acceleration of change is breathtaking

How does this apply to the agency business? Very simple! Agencies always have been mirror images of their clients, and when clients saw the need to change their operations, so did agencies. In a parallel statement, today's agency needs to be driven by:

1. **Its clients**, who want what they want, when they want it.
2. **Its competition**, all 25,000 of them.
3. **And the constant change** in the business.

Enter reengineering. It should be able to help both clients and agencies. Clients have been trying to reengineer for the past several years, and the verdict is still out, but the general feeling seems to be that it has been unsuccessful. Many agencies have tried reengineering within the last few years, and their record seems to be worse. Or, a better term may be more undefined. The reason is many clients and agencies have tried to reengineer by making quick fixes to their businesses (all-new technology is the most common of these quick fixes), and downsized on the basis of those fixes. Replacing people with technology is the creed of the future, they think. They are right in a sense, but they have followed the wrong sequence by using technology and downsizing as the first weapons. The only way to reengineer is to first tear down everything you have built from the process standpoint, and rebuild it—reengineer it into a new more efficient process. This is not a quick fix. It's starting from scratch! And it can't be done tentatively or in steps. Our advice is that it's all or nothing. You have to reengineer your agency completely, or don't even bother to do it. This may scare some agency principals. My experience with most successful small agency principals is they are very conservative. That's probably the case with corporate managers as well. This is the reason most reengineering has not worked. Nevertheless, you must, and I repeat **MUST**, strive to implement reengineering (or whatever you want to call it) in your agency.

Why? It's simple.



Agency compensation is changing very quickly. You are no longer able to live on the leverage of commissions, markups and project billings. The agency business is moving toward fee-based or hourly-based compensation, and there are only a few ways left to make a buck at it. In the past, we've talked about value-added billings, incentive compensation, and other partnership opportunities as ways to leverage billings with clients, but one very important way you can regain some leverage with clients, and in fact be able to survive the future, is to radically change your process of operation so you can produce far more work in the allotted time. Reengineering enables you to double, triple, or even quadruple the amount of billings in any given amount of time, while cutting operating costs by as much in the opposite direction. Hard to believe? Believe it! There are major American companies who have realized the need for "compression" in their operations in order to stay afloat in a very competitive world economy.

If the traffic procedure in your business doesn't look like a candidate for reengineering, I don't know what does. Imagine, no payables, only purchase orders in an agency. Hell, most agencies have "reverse reengineering" — no purchase order and wait for the payable.

To restate what I mean by small agency reengineering:

Small agency reengineering is the complete tearing down of your business process, and the reassembling of it from scratch. Remember, no reengineering will work until you dedicate yourself and your agency to doing that. I have assembled four steps that I feel signify reengineering in an agency. Here they are:

1. Combine several jobs into one.

Start by tearing down the sequential line of job assembly and begin to integrate them. The key word here is *compression*. Proceeding department by department is too slow. Single point of contact is much faster, and eliminates hand-offs.

2. Workers make decisions.

Hierarchical management assumed that workers had neither the time nor the inclination to make decisions. That's why there was middle management. The truth is, empowered workers are able to make ALL the decisions, freeing the company from the time-slowng burden of the decision process.

(Much more about empowerment in a few moments.)

3. Make processes non-linear, do tasks in their natural order, and allow the option of "multiple versions."

Reengineered processes, like traffic and estimating, are freed from the tyranny of straight-line sequence. Traditionally, in conventional processes, person one must complete before person two works, etc. Non-linear processes go much faster because many jobs get done simultaneously. And narrowing the window lessens the chance for a major change that might make the earlier work obsolete. That's why the rush work has always gone through your agency pretty cleanly. Multiple versions means there should be an end to standardization. Traditional processes were intended to provide mass production for a mass market. All inputs were handled alike. One-size-fits-all processes are inherently very complicated so all variables can be controlled. A multi-version process, by contrast, is clean and simple, because each version fits only the case where it's appropriate.

4. Perform work where it makes the most sense. Hybrid centralized/decentralized operations will prevail.

Information technology increasingly enables companies to operate remotely as though their individual units were still physically together.

Virtual agencies use full-time employees; part-time employees; freelancers; strategic partners; people who are located close by; people who are across the state, across the country, overseas; people who choose to work at home; people who must work at home. Any combination of the above will do in a reengineered environment.